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WORLD NEWS

Nicaragua to negotiate ceasefire

Nicaragua's Sandinista Government has agreed to negotiate a ceasefire with Contra rebel leaders, removing a big obstacle to the Central America peace plan.

But President Daniel Ortega said two other elements of the plan - lifting the state of emergency and offering an amnesty to political prisoners - would come into force only when rebels were no longer using Honduran bases or US funds.

Contra leaders said the offer of talks was a trick. Page 2

Kidnap report sought

The Irish Government demanded a report on the hunt for kidnap victim John O'Grady. After he was freed on Thursday, two of his captors escaped, were arrested, escaped again, and were caught again. Others are also being sought. Page 2

Irish minister held

Irish Foreign Affairs Minister Sean Calleary was detained briefly by police at Manchester airport under the Prevention of Terror Act.

Reagan firm on nominee

President Reagan refused to withdraw his nomination of Judge Douglas Ginsburg to the US Supreme Court despite the judge's admission that he had smoked marijuana. Page 2

TV programme opposed

Two Scottish Labour MPs sought the withdrawal of a television programme alleging financial irregularities in the Dundee Labour Party. Page 4

Immigration bill anger

The Opposition attacked the Immigration Bill, published yesterday, saying it pandered to racial prejudice. Page 4

Soldiers jailed for assault

Two soldiers of the King's Own Scottish Borderers were jailed and two sentenced to military detention for assaulting a recruit in an initiation ceremony.

Curbs for night flights

The Transport Department proposed cutting the number of night flights at Heathrow and Gatwick airports. Page 4

Communists freed

Thailand said five former leaders of the outlawed Communist Party were freed after completing a 45-day course of political re-education.

Kosovo reflagged

The Yugoslavian province of Kosovo, scene of clashes between ethnic Albanians and Serbs, is to have a new flag. The present one is identical to Albania's.

New Japanese Cabinet

New Japanese Premier Noboru Takeshita named a cabinet similar to its predecessor, confirming his plan to continue previous government policies. Page 2

Belgian poll date

Belgium will hold a general election on December 13.

Schoolboy a big loser

The fraud squad is questioning a 15-year-old schoolboy who lost heavily in the stock market crash. One of his brokers, who stand to lose £20,000, said he had been "very naughty." Page 4

Mother acquitted

A court in Palermo, Sicily, acquitted a woman accused of giving away her 14-year-old daughter to a man as the prize in a pastry-eating contest.

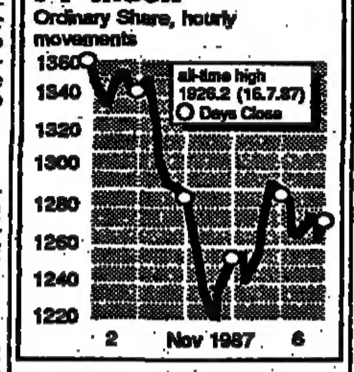
BUSINESS SUMMARY

Brazil agrees interim deal on bank debt

BRAZIL has reached a preliminary agreement with its leading creditor banks to end its eight-month-old suspension of interest payments on $68bn (£38.2bn) debt.

The interim deal covers medium and long-term debt and includes an undertaking by Brazil to seek an agreement with the International Monetary Fund on an economic programme. Back Page

EQUITIES fell in London amid continued concern about the outlook for the US dollar. The FT-SE 100 Index lost 18 points



to close at 1,620.8, a loss on the week of 129. The FT Ordinary Index fell 13.9 to 1,274, ending the week down 86.9. Stock market, Page 12

KLEINWORT BENSON, merchant banking group, said only 15.6 per cent of its £143m rights issue was taken up by shareholders, taking the amount of rights issue stock left with underwriters over the past three weeks to over £500m. Back Page

NEW INTERNATIONAL regulatory standards for the capital adequacy of banks may be delayed because of a disagreement between West Germany and Japan. Back Page

S G WARBURG, UK investment banking group, is to buy French stockbroker Bacot-Allain, while leading US bank J P Morgan takes an 80 per cent stake in stockbroker Nivard-Flornoy, under Paris's stock market reform. Back Page

FUERZAS Electricas de Cataluna, Barcelona-based electric utility which owes about $5bn (£2.8bn), reached preliminary agreement with foreign banks on a debt restructuring plan. Page 10

AUTOLATINA, South American holding company for Ford and Volkswagen, unilaterally raised car prices in Brazil by an average 28 per cent, challenging government price regulations and leaving itself open to legal action. Page 2

US TREASURY is asking the Government to remove trade concessions granted to Taiwan, South Korea, Hong Kong, Brazil and Singapore to help reduce the US budget deficit.

ALBERT FISHER Group, food services and distribution company, is to pay up to F196.6m (£28.8m) for Dutch fruit and vegetable distributor Citronas. Page 8

BRITISH GAS is continuing talks with the Canadian Government about its bid for a controlling stake in Canadian oil and gas group Bow Valley Industries. Page 8

BENLOX, investment dealing and civil engineering company, was criticised by the Takeover Panel for its conduct in its demerger bid for leading retail group Storehouse. Page 8

CAMBRIDGE INSTRUMENTS, scientific equipment maker, is to buy the optical systems division of New York-based Bausch and Lomb for $37m (£21.6m) cash. Page 8

Republican leaders meet Reagan as deal on deficit is awaited

BY STEWART FLEMING, US EDITOR, IN WASHINGTON

PRESIDENT Ronald Reagan met Republican Congressional leaders yesterday to discuss the Federal budget deficit as officials close to the negotiations conceded they could not predict with any confidence when, or whether, a deficit-reducing deal would be reached.

For almost two weeks, top Administration officials, including Mr James Baker, the US Treasury Secretary, and Mr Howard Baker, the White House Chief of Staff, have been meeting virtually daily with a bipartisan group of members of the Senate and House to try to agree to cut at least $23bn (£13bn) from the current 1988 fiscal year budget deficit.

With the world's financial markets watching anxiously for a deal which, it is hoped, would improve the outlook for the US economy and perhaps make it easier for Mr James Baker to put together another accord between the leading industrial countries aimed at maintaining world economic growth, the talks have moved forward at a glacial pace.

Yesterday Senator Pete Domenici, the senior Republican on the Senate budget committee, shouted to reporters as he emerged from the White House meeting that the negotiators were "making progress" but that there was "no deal."

His comments confirmed the judgment of many experienced Washington hands that the talks could well continue until the apparent deadline of November 20 when the Gramm-Rudman budget process calling for automatic spending cuts of $23bn is triggered.

Editorial Comment, Page 6; Precious metals lose their shine, Page 10; Wall Street and Bourses, Page 11; Stock market report and money markets, Page 12; Warburg and Morgan plan to acquire French stockbrokers, and Share slide leaves more than £500m of unsold issue stock, Back Page; Markets, Weekend II and III

There were also reports that Representative Robert Michel, the Republican minority leader in the House, would submit a new proposal calling for a deficit reduction of $30bn in 1988 and $45.5bn in 1989.

To the politicians involved in the talks, however, the absolute numbers are far less significant than the composition of the budget package. President Reagan is determined that his legacy as a "supply-side" tax cutter should not be compromised not only because of his commitment to starving "big Government" of tax revenues in order to constrain its spending, but also because to concede that what could be labelled a "tax" increase would let the Democrats off the hook that he believes he has impaled them on as the party of "tax and spend."

The Democrats, who have spent the year on Capitol Hill preparing a budget the composition of which reflects their own political priorities - less defence spending, limited cuts in social security programmes and a modest tax increase which they can say has been made necessary by the President's "failed" economic policies - are no less determined than the President.

They are also resentful that they are being forced to compromise with a Republican Party which, in the House at least, has in their eyes played no practical role in this year's budget talks but which is now elbowing itself into the talks to help the President extract concessions from his political opponents.

The net result is that in a trillion dollar budget, a compromise involving $2bn-$3bn of de-

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Equities and dollar end week sharply lower

BY SIMON HOLBERTON

FINANCIAL MARKETS ended a turbulent week's trading yesterday with the dollar and equity markets sharply lower than a week ago.

European central bankers were dismayed by the reported remarks of Mr James Baker, the US Treasury Secretary, on Thursday which indicated the US Administration was prepared to see the dollar fall rather than increase interest rates and risk a recession.

The Bundesbank and the Swiss National Bank both intervened yesterday in foreign exchanges, but not in sufficient amounts to convice currency economists that they were doing any more than maintaining a token presence in the markets. However, the dollar closed in London slightly higher from Thursday's lows.

The recent turbulence in financial markets will be discussed at a meeting in Basle tomorrow of central bankers, but there is little expectation that it will produce any new policy initiatives.

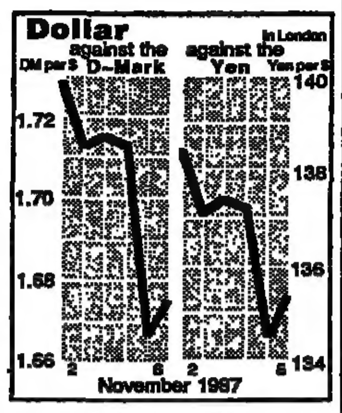
Financial markets remained pre-occupied by the negotiations in Washington between the White House and Congressional leaders to cut the US deficit. The lack of progress has undermined the US currency on international exchanges and depressed equity markets in Europe and America.

US action on the deficit has become the "touchstone" for market sentiment, as Mr Nigel Lawson, the Chancellor, said in his Mansion House speech on Wednesday. This view was echoed in Tokyo yesterday by Mr Kiichi Miyazawa, the Finance Minister, who told a press conference that an early meeting of finance ministers of the big industrialised countries would depend on US action to reduce its deficit.

Mr Miyazawa said Washington must also take significant action to reduce its budget deficit if it wanted Japan to expand its domestic economy. He said Japan would watch closely to see how falling stock market prices and the weakness of the dollar affected its economy, but added that he did not think they would have a large unfavourable impact.

Mr Yoshihisa Tabuchi, the president of Nomura Securities, Japan's leading stockbroker, said an exchange rate of Y130 to the dollar would be "reasonable." He said most of the Japanese and foreign analysts who have spoken to him in recent days have said that this level would be appropriate. "It would be acceptable for the Japanese economy and would not cause inflation in the US," Mr Tabuchi said.

The general view in foreign exchange and equity markets is



that a cut in the deficit of more than the $23bn (£12.92bn) dictated by the Gramm-Rudman deficit reduction law will be needed to restore confidence in the dollar and give a boost to share markets.

"The markets want to know by how much the US will cut the deficit, what the split is between the last year of Reagan and the first year of the new president, and whether they are real cuts or simply fudged," one economist said yesterday. "The omens are not terribly good."

The slide in the dollar - it has lost more than 3 per cent against the D-Mark and more than 2 per cent against the yen over the week - forced European central banks to make a coordinated move on interest rates on Thursday in an attempt to arrest its fall and preserve the exisitng parities within the exchange rate mechanism of the European Monetary System.

Over the week the London stock market lost more than 7 per cent of its value. Yesterday the FT-SE 100 closed 18 lower to 1620.8 on subdued trading. The FT Ordinary index was 13.9 points lower at 1274. In New York, stock markets fell midweek, but recovered to last week's levels on the strength of the bond market, which, in the face of a falling currency, has managed a significant rally.

The nervousnes of financial markets was indicated yesterday when, late in the day, a report from Washington that Senate Republicans had proposed deficit cuts of $75.5bn over two years bouyed gilt-edged markets. Government securities firmed on the news to close one point higher.

In London the dollar closed slightly firmer at DM1.6750 against DM1.6680 on Thursday, and at Y135.35 against Y134.50 previously. The pound closed at $1.7830 against $1.7855 on Thursday, but improved against the D-Mark to close at DM 2.9875 against DM2.9775 previously. The Bank of England's sterling trade wieghted-index closed higher at 75.7 against 75.3.

ABF drops Berisford bid but seeks British Sugar

BY CLAY HARRIS

ASSOCIATED British Foods, the milling and baking group, yesterday withdrew its cash offer for S & W Berisford, the sugar producer and commodities dealer, despite having received sufficient acceptances to lift its stake to 59 per cent.

ABS immediately ran into a war of words with Berisford after it said it still wanted to buy British Sugar, Berisford's beet-refining subsidiary which dominates the UK sugar market.

The 400p a share cash offer, which valued Berisford at £767m, had been launched before the stock market crash. Its withdrawal had been signalled earlier in the week when ABF delayed a shareholders' meeting which had been scheduled to approve the takeover. ABF already owned a 23.7 per cent stake in Berisford.

ABF said yesterday it was willing to open talks immediately with the Berisford board about British Sugar.

It took heart from the Government's decision on Thursday not to refer its bid to the Monopolies and Mergers Commission. The removal of this uncertainty gives ABF an advantage over any other potential buyer of British Sugar.

However, Mr Henry Lewis, Berisford deputy chairman, said: "British Sugar is not for sale." In a strongly worded statement, Berisford also accused ABF of failing to keep the market fully and properly informed about its intentions, especially during the final week of the bid.

Having adjourned the shareholders' meeting from Tuesday until November 24 because it needed additional information, and then promising on Wednesday to make such a request in due course, ABF never sought relevant information, Berisford said.

It was ABF's controlling shareholder, George Weston Holdings, which delivered the final blow to the bid. It said it was unlikely to approve it because of the continuing decline in world markets and its concern about Berisford's non-sugar businesses, which include property, industrial processing and financial services in addition to commodity trading.

Although George Weston shares four directors with ABF, including Mr Garry Weston, chairman, it received independent financial advice from Lazard Brothers, the merchant bank.

ABF was permitted to allow the offer to lapse because fewer than 90 per cent of shareholders had accepted. A bidder normally waives this requirement or extends the offer period.

Although ABF's delay of the meeting reflected genuine concerns about the non-sugar businesses, it was largely intended to give the bidder a last exit from what appeared, after the crash, to be an overpriced bid. ABF said yesterday's withdrawal was intended to remove uncertainty.

Under takeover rules, ABF will not be allowed to launch a new offer for Berisford for 12 months unless another bidder materialises. However, an agreed purchase of British Sugar would be allowed, but after Berisford's initial reaction to ABF's suggestion of talks, Mr Weston said: "I'm not going there to have my face smacked."

Berisford shares fell 8p yesterday to close at 257p.

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Hard times are here when the smart shirts sell two at a time

BY OUR FOREIGN AND INDUSTRIAL STAFF

WHEN the chips are down, little luxuries count for more. So says Mr Richard Felton, a director of Felton & Sons, a major provider of flowers to the boardrooms of the City of London.

According to Mr Felton, the stock market collapse has not yet had an effect on consumer spending in the City, where his floral arrangements adorn a host of directors' boardrooms.

However, Mr Felton and other retailers to the upper-crust are keeping more than a watchful eye on those consumers who have lost a paper fortune and may feel the need to rein in spending on domestic luxuries.

Appearances, however, are still being kept up by many of the wealthy. Jack Barclay, whose Berkley Square showroom in the West End supplies more than 300 Rolls-Royces and Bentleys a year, said: "We have not noticed any fall-off in orders. We are having our 60th anniverary exhibition at present and there are lots of customers coming through. People are acting very sensibly."

In areas of more frivolous spending, however, shoppers appear to be a little more cautious. Harrods, the Knightsbridge store, said the only area to have suffered a slight drop in sales during the last few weeks was the women's fashion department. "Fashion buying is often impulse purchasing," said Harrods, "and customers in the present economic climate may be saying they had better wait a while to see what happens before they buy, for example, a party dress."

Male customers of prestigious shirt shops have expressed a similar reticence. Hilditch & Key, the Jermyn Street shirt makers, whose shirts retail at £49.99 and more, said: "We noticed a change immediately after the crash. Whereas somebody might have bought six shirts at a time, they now are buying one or two."

November is traditionally the time that people begin their Christmas shopping, but several retailers suggested this may have been delayed. The General Trading Co, often deemed to be the ultimate Sloane Ranger shop with its pukkah range of antiques, china and glassware, said: "Sales have dropped off a bit since the crash but it may simply be that people for all sorts of reasons are shopping a little later for Christmas."

Foreigners, and in particular Americans, account for a significant proportion of purchases in many expensive London outlets.

Le Gavroche, the Egon Ronay two-star restaurant where dinner for two costs an average of £140, said about 20 per cent of its long-standing bookings from the US had been cancelled.

However, there were more than enough local customers waiting to fill those vacated seats. "People are still celebrating for whatever reason," said Le Gavroche, which has a waiting list of about a month.

The imperturbable calm of top London estate agents has not yet been disturbed by the crash.

Most agents are making soothing noises about the outlook for the market. This is in spite of suggestions that the large stock market loss could reduce the

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MARKETS

DOLLAR

New York lunchtime:
DM 1.6725
FFr 5.69125
SFr 1.37975
Y135.35

London:
DM 1.675 (1.668)
FFr 5.695 (5.64)
SFr 1.381 (1.368)
Y135.35 (134.5)
Dollar index 96.3 (96.9)
Tokyo close Y135.5

US LUNCHTIME RATES

Fed Funds $6\frac{11}{16}$%
3-month Treasury Bills: yield: 5.9%
Long Bond: $100\frac{3}{32}$ yield: 8.86%

GOLD

New York: Comex Dec latest $462.0
London: $460.50 (457)

STERLING

New York lunchtime $1.7825
London: $1.783 (1.7855)
DM 2.9875 (2.9775)
FFr 10.155 (10.07)
SFr 2.4625 (2.4425)
Y241.25 (240.25)
Sterling index 75.7 (75.3)

LONDON MONEY

3-month interbank: closing rate $8\frac{1}{2}$% (same)

NORTH SEA OIL

Brent 15-day Nov (Argus) $17.95 (17.85)

STOCK INDICES

FT Ord 1,274.0 (−13.9)
FT-A All Share 815.68 (−1.1%)
FT-SE 100 1,620.8 (−18.0)
FT-A long gilt yield index: High coupon: 9.12 (9.09)
New York latest
DJ Ind Av 1,980.67 (+13.26)
Tokyo:
Nikkei 22,795.02 (+165.37)

Chief price changes yesterday: Back Page

Austria Sch22; Bahrain Din0.650; Bermuda $1.50; Belgium BFr48; Canada C$1.00; Cyprus C£0.75; Denmark DKr9.00; Egypt E£2.25; Finland Fmk7.00; France FFr6.50; Germany DM2.20; Greece Dr100; Hong Kong HK$12; India Rup15; Indonesia Rp3,100; Israel NS3.50; Italy L1600; Japan Y600; Jordan Fils500; Kuwait Fils500; Lebanon $L125; Luxembourg LFr48; Malaysia Rin4.25; Mexico Pes300; Morocco Dh6.00; Netherlands Fl3.00; Norway Nkr8.00; Philippines Pes20; Portugal Esc100; S.Arabia Rls6.0; Singapore S$4.10; Spain Pta125; Sri Lanka Rup30; Sweden SKr8.00; Switzerland SFr2.20; Taiwan NT$85; Thailand Bht50; Tunisia Din0.800; Turkey L500; UAE Dh6.50; USA $1.00.
SELLING PRICE IN IRELAND 60p

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Judge's joint jolts Reagan

By Stewart Fleming, US Editor, in Washington

CAN a 41-year-old former law school professor, who smoked pot and dropped out of college to run a computer-dating service, and whose second wife performed two abortions while in medical training, be confirmed as the Republican right's new champion on the Supreme Court?

That is the question Washington is asking, Judge Douglas Ginsburg *having admitted on* Thursday that he had smoked pot on occasion in the 1960s and 1970s at Harvard University.

Judge Ginsburg was the man President Ronald Reagan chose to nominate to the vacancy on the Supreme Court after the Senate voted not to confirm Judge Robert Bork.

The president was urged on by Mr Edwin Meese, the Attorney-General, who is a friend of Judge Ginsburg and who made an angry vow, after the Bork candidacy had collapsed, to punish the liberals who savaged Judge Bork and "to try to find (a nominee) they will object to just as much as this one."

Mr Reagan thought he was being clever in nominating Judge Ginsburg to the vacancy, which could be decisive in tipping the balance in the nine-member court towards conservatism.

Unlike Judge Bork, he has not written extensively and controversially about his judicial philosophy. There is, in Washington jargon, no "paper trail".

The nomination has blown up in the president's face. Arch-conservatives such as Senator *Orin Hatch have been* reduced to praising Judge Ginsburg's "honesty" in admitting to pot-smoking – praise which seems misplaced since he did so only after reporters had dredged up the information

Republicans and conservatives must worry that the judge will be grilled unmercifully in another round of televised hearings. He will have to defend himself against charges that, as an anti-trust official, he should have backed out of a Department of Justice investigation of cable television when he had an investment in a cable television company.

The storm signals were flying in Congress yesterday as the Democratic majority leader Senator Robert Byrd called on Mr Reagan to give "very, very serious consideration" to withdrawal of the nomination. Mr Reagan said he would not withdraw and that his nominee will survive, "if there is any justice in Washington."

Asked if Judge Ginsburg should have followed the advice of Mrs Nancy Reagan's anti-drug campaign and "just said no", Mr Reagan chuckled but did not answer.

Managua ready for ceasefire talks to comply with peace plan

NICARAGUA'S Sandinista Government removed a big stumbling block to Central America's peace plan on Thursday night when it agreed to negotiate a ceasefire with Contra leaders, writes Peter Ford in Managua.

In a speech to tens of thousands of government supporters, President Daniel Ortega warned, however, that he would not comply with two other aspects of the peace pact until "the aggression against the people of Nicaragua stops".

Decrees issued on Thursday lifting the state of emergency and offering an amnesty to political prisoners would come into force only when "Honduran territory is no longer being used" by the Contras as a rearguard, and when the US stopped funding the rebels, Mr Ortega announced.

As a gesture of goodwill, he added, 981 prisoners would be pardoned immediately. Mr Ortega drew the biggest applause when he said that *members of former dictator Anastasio Somoza's* hated National Guard would not be eligible for amnesty.

He also announced the end of a month-long unilateral ceasefire that the Sandinistas had declared in four small areas. That policy had been superceded by "the greater effort" Managua was making to negotiate an overall ceasefire with the Contras, he said.

"We are taking the appropriate steps to arrange a ceasefire through an intermediary," the president said. The intermediary, who has yet to be chosen, "will transmit our positions to the leaders of the Contras".

The intermediary could be Nicaraguan Roman Catholic primate Cardinal Miguel Obando y Bravo, who held private talks with Contra leaders in New York recently, or Costa Rican President Oscar Arias.

Agreeing to talk to the rebel leaders marked the biggest concession the Sandinistas have made since signing the Esquipulas peace treaty last August. Managua had resolutely refused to talk to the rebel leadership about anything, but had come under strong pressure at home and abroad to yield on this point.

President Arias, who had argued forcefully in favour of talks, greeted Ortega's announcement as very positive. Contra leaders also welcomed the decision.

By delaying an amnesty and an end to the state of emergency, the Sandinistas have focused attention on the failure of Honduras to comply with the peace pact. Tegucigalpa has pledged to prevent the Nicaraguan rebels from using its territory, but has so far done nothing to keep that promise.

An international verification team is due to visit the region over the next 30 days to check on each country's compliance with the plan.

Jubilation by ANC over Mbeki release

By Victor Mallet in Lusaka and Anthony Robinson in Port Elizabeth

THE AFRICAN National Congress, which usually dismisses conciliatory actions by the South African government as token gestures, has changed its tune with the release of its former national chairman Mr Govan Mbeki after more than 23 years in jail.

Amid jubilation at its headquarters in Lusaka the ANC described the freeing of 77-year-old Mr Mbeki as a victory for those who had fought for the release of political prisoners.

"It was very emotional for all of us," said ANC spokesman Mr Tom Sebina yesterday. "And it's significant for us that he openly said he's still a member of the ANC and still a Marxist."

ANC officials, along with observers inside South Africa, believe that President P W Botha is testing the waters before deciding whether to release Mr Mbeki's more famous colleague, Mr Nelson Mandela.

The ANC has been quick to point out the dilemmas facing Pretoria if Mr Mbeki illegally encourages revolution, guerrilla warfare and communism. President Botha, according to the ANC's Mr Mac Maharaj, "has a problem on his hands because he cannot take him back to prison."

Mr Mbeki was once of the ANC's top three politicians and local head of the South African Communist Party in the eastern Cape. He was arrested in 1963 with Mr Mandela and other leaders of the ANC's newly-formed guerrilla wing. Until this week he was serving a life sentence for conspiring to overthrow the state by violence.

Mr Mbeki yesterday remained closeted in his beach front hotel in Port Elizabeth and did not make his expected foray into the nearby black township of New Brighton.

The return to Port Elizabeth of the man who built up the ANC presence in the eastern Cape in the 1950s failed to provoke any visible sign of enthusiasm in the teeming townships which surround this port and manufacturing city.

After being reunited with his wife Mr Mbeki emerged for a brief thanksgiving prayer meeting on the lawn beside the hotel swimming pool.

If this weekend also passes quietly the scene will be set for the phased release of other prisoners like Mr Walter Sisulu, and ageing Pan-Africanist Congress leader Mr Zech Ntoubeng.

Takeshita announces his cabinet

BY IAN RODGER IN TOKYO

MR NOBORU Takeshita, Japan's new *Prime Minister*, announced his cabinet yesterday. It is little changed from the old one and confirms his stated objective of pursuing the policies of the previous government led by Mr Yasuhiro Nakasone.

Mr Kiichi Miyazawa retains the finance ministry and is deputy Prime Minister and Mr Hajime Tamura continues as Minister of International Trade and Industry.

The new Foreign Minister is *Mr Sosuke Uno who, like his* predecessor, Mr Tadashi Kuranari, is known as a loyal supporter of Mr Nakasone. Mr Nakasone is likely to retain a strong influence over the conduct of Japan's foreign affairs.

Mr Takeshita, who was elected formally as Prime Minister by the Diet (*parliament*) yesterday, had already announced the new holders of three senior positions within the ruling Liberal Democratic Party which are at least as important as cabinet postions.

Mr Shintaro Abe, one of Mr Takeshita's rivals in the leadership race held last month, is secretary-general of the LDP, a position regarded as the gateway to the prime minister's job.

Mr Michio Watanabe, a former Miti minister, has been named chairman of the party's policy affairs research council and Mr Masayoshi Ito, a member of Mr Miyazawa's faction, becomes chairman of the party's executive council.

Mr Watanabe's appointment is of particular interest. He is a member of Mr Nakasone's faction inside the LDP but something of a critic of the former prime minister. In some circles he is seen as a future contender for the top position and his ambitions will not have been harmed. He may now be considered, along with Mr Abe and Mr Miyazawa, as a candidate to succeed Mr Takeshita.

Shintaro Abe (left) and Michio Watanabe: rising stars

Bonn backs Hermes spacecraft project

BY PETER MARSH

WEST GERMANY yesterday supported the idea of Hermes, the French-inspired manned spacecraft, but said the first flight may have to be delayed by about three years on technical and economic grounds.

The decision, *on the eve of an* important European Space Agency ministerial meeting to decide on Europe's space policy for the next decade, goes some way *towards* meeting the French arguments on Hermes. Paris has said Hermes is needed to give western Europe a manned space capability independent of the US and Soviet Union.

Mr Heinz Riesenhuber, the West German Research Minister, *also* announced a *significant* increase in projected German spending on space science and technology, which is due to rise from DM1.1bn (£370m) this year to DM3bn by the year 2000. In both cases roughly a third of the cash would be spent on purely national programmes, with *the rest channelled* through the 13-nation ESA.

The relatively bullish West German decision on space spending may influence the two-day ESA meeting in The Hague, which starts on Monday. ESA officials are asking for approval to boost annual agency spending from £1bn to about £1.8bn in 1992.

According to ESA plans, about £7.6bn will be needed by the end of the century for three projects, which include Hermes, the Columbus orbiting laboratory and an improved launch vehicle called Ariane-5.

West Germany has decided it will spend DM8.3bn of its own cash on these projects - although it is leaving to The Hague the decision on how to divide the money.

An important caveat to West Germany's decision on Hermes is that it has hinted the project may be too expensive and might not be needed as quickly as France would like.

West Germany says Hermes should be subjected to a 'predevelopment' phase to examine its projected £2.9bn cost, 45 per *cent of which France has said it* is willing to pay. This would mean the craft enters orbit in 2000 at the earliest.

Talks fail on US Spanish bases

BY DAVID WHITE IN MADRID

US and Spanish officials have ended two days of talks on the future of US military bases without agreement.

Further talks are planned for mid-December in a last-ditch effort to save their bilateral defence links.

Madrid's chief negotiator, Mr Maximo Cajal, said Spain would notify the US by November 14 that it did not want the agreement to be automatically extended from May 14 next year.

Failing a solution by then, when the five-year agreement expires, the US would have to withdraw its 10,000 military personnel and equipment from Spanish air and navy bases within a year.

Both sides emphasised yesterday that they still hoped to reach an accord. The Spanish Foreign Ministry said that positions were closer than before, but declined to give details of the latest US proposals. Spain is sticking to its demand that the 72 US Air Force F-16 fighters based at Torrejon, near Madrid, be moved out, but over a negotiable period and with the provision that they could return in a crisis.

Prospects for an alternative southern European base for the fighters appeared to brighten with a reported comment by the Portuguese Defence Minister and Deputy Prime Minister, Mr Eurico de Melo, that Portugal might be prepared to take the aircraft. However, it is not clear how the cost of a move would be met, following a budget amendment by the US Senate designed to place responsibility in the hands of Nato if the aircraft are transferred anywhere except back to the US.

In addition, the US is clearly concerned about the impact a sizeable withdrawal from Spain would have on its bases agreements in Greece and the Philippines.

Unemployment up in US despite jobs increase

By Nancy Dunne in Washington

THE US economy created a healthy 85,000 factory jobs in October, but a large increase in the labour force nudged the unemployment rate up from 5.9 to 6 per cent, the US labour department reported yesterday.

Dr Janet Norwood, commissioner of the Bureau of Labour statistics, said the expansion on the industrial side was an especially bright spot and that factory employment had risen by 220,000 since June.

She told the Congressional joint economic committee that three *manufacturing industries* - furniture, rubber and plastics and printing and publishing - reached record high employment levels last month.

Employment on the services side rose by 150,000, bringing to nearly 900,000 the number of jobs the sector has gained thus far this year. Advances were especially large in business, health and private educational services in October.

As is usually the case, said Dr Norwood, the large employment increase was accompanied by an unusually large gain in the labour force.

Dublin seeks report on police hunt for O'Grady

DAVID DAVENPOWER IN DUBLIN

THE IRISH Government has demanded an urgent report from the Commissioner of Police on the conduct of the hunt for the kidnap gang responsible for *holding Dublin* dentist John O'Grady. Mr O'Grady, who had two of his fingers crudely amputated by his captors, was freed following a shoot-out in a Dublin suburb on Thursday.

After the gun battle, the gang hi-jacked a number of cars and fled. Two of them drove 100 *miles to Limerick where they* abandoned two women hostages and took a taxi to Tipperary where they were arrested. They escaped while being led into the local police station and one of them was still at large late yesterday.

The *Prime* Minister Mr Charles Haughey is said to be furious at the performance of the police. The senior officer in charge of the hunt has admitted that mistakes were made and said he would not object to a full independent inquiry.

Mr O'Grady is recovering in a *Dublin clinic while surgeons* assess the prospects of re-attaching his two fingers.

Madrid parties united on Basque pact

SPAIN'S ruling Socialists have succeeded in uniting almost all parliamentary parties on the issue of Basque terrorism, writes Our Madrid Correspondent.

Contacts over the last few weeks between Mr Felipe Gonzalez, the Prime Minister, and opposition leaders have resulted in a joint policy agreed by nine parties in the Madrid Congress, including the Basque Nationalist Party (PNV) and Euskadiko Ezkerra (Basque left).

A key aim appears to be persuading the right to accept the pardoning of militants of Eta, the Basque separatist organisation, in return for a ceasefire. Mr Gonzalez's public stance has been to rule out an amnesty for Eta killers, but leaders of the main Basque parties argue for leniency.

The other main *items* in the pact are the ruling-out of political negotiations with Eta, backing for the government's plan to scrap special anti-terrorist legislation and to build extra provisions into ordinary law instead, efforts to promote more European co-operation, and implicit support for inter-party moves in the Basque parliament.

The Madrid daily El Pais said government officials would discuss the proposals in the pact with Eta representatives in Algeria when contacts were resumed in the near future.

Argentina confirms debt talks in US and Brazil

BY TIM COONE IN BUENOS AIRES

CONCERN over a possible shift in Argentina's negotiating stance on its $54bn foreign debt gathered pace yesterday with the confirmation that two senior government officials have been sent to Washington and Brazil.

The Finance Minister, Mr Mario Brodersohn, in a flying visit to Brazil on Wednesday night, held private meetings with President Jose Sarney and Finance Minister Mr Luiz Bresser Pereira. The visit was at first officially denied in Buenos Aires.

The presidential spokesman in Argentina, Mr Jose Ignacio Lopez, admitted late on Thursday night that Mr Brodersohn *had been sent* by President Raul Alfonsin to discuss issues concerning the summit of eight Latin American presidents in Acapulco, Mexico later this month. The foreign debt issue, and in particular the level of interest rates payable on the Latin American debt, is to be a principal topic of discussion there.

Mr Lopez, when asked to comment upon a report published in Brazil on Thursday that Argentina was *about to* declare a moratorium, would say only: "It is a very delicate issue and I am not in a position to comment upon it."

He said Argentina's position was to negotiate with the foreign banks and the IMF but that the present situation was unsustainable.

A senior central bank official in Buenos Aires said the level of Argentina's foreign exchange reserves was not good and that the delay in disbursement of the latest tranches from a $1.4bn International Monetary Fund standby loan, a $1.95bn loan package from the commercial banks and a $500m *bridging* loan from the US Government were creating problems for government finances.

The second $210m tranche of the *IMF standby loan* was *held* back last month because the Argentine government failed to meet agreed fiscal deficit targets, for which a waiver was requested but which was apparently made conditional on Argentina taking further measures to reduce the deficit. The bridging loan has in turn been conditioned on the IMF granting the waiver.

Argentina last month announced measures designed to reduce the *deficit*, but their success depends on tax reform laws before the Congress.

US to start Stinger sale to Chad

THE US has reversed its position and agreed to sell Stinger anti-aircraft missiles to Chad, to combat Libyan air attacks, the Defence Department said yesterday, AP reports from Washington.

This was in response to Chad's request and the sale includes training.

The department declined to discuss the number of missiles and the delivery schedule, but defence sources *said* 24 Stingers and seven launchers, worth a total of $2m, would be delivered in about two weeks.

US policy had been not to supply the sophisticated weapon to African governments. The South African-backed Unita rebels in Angola have received Stingers as covert aid.

Senator Dennis DeConcini, a Democrat and one of the main opponents of Stinger sales to Africa and the Middle East, is very concerned about the lack of proper safeguards in Chad to protect the Stingers from falling into the wrong hands.

The US has been running a military supply and training programme, worth about $32m, to Chad over the last two years. Chad has no air force of its own and relies heavily on anti-aircraft missiles to repel Libyan assaults.

Mahathir claims a successful crackdown

Roger Matthews reports on racial tension in Malaysia

THE DECISION by the Malaysian government to detain more than 90 people, ban three newspapers and forbid public rallies under the Internal Security Act has been an immediate success in defusing racial tension, Dr Mahathir Mohamad, the Prime Minister, claimed yesterday.

He rejected an accusation by Tunku Abdul Rahman, Malaysia's first prime minister, that the action was a step towards *dictatorship*.

"The action has been successful because it has avoided bloodshed," a relaxed and confident Dr Mahathir said in his first interview with western media since the clampdown.

The sharp increase in racial tension between the Malay and Chinese communities was not the fault of the government, he said. "Our only error was that we were too liberal. I avoided doing what I should have done *long ago* because I *do not* like confining people."

People would still be free to criticise the government so long as what they said was not racial. "If it's not racial, it's all right. They can criticise me."

Dr Mahathir said people would know when they were being racialist. He cited as examples criticism of the economic policy, which has been in operation since 1970 and aims to give the Malay community a greater stake in the wealth of the country. He also said that criticism of the constitution could be defined as racial because it created anxieties among the races.

Whether the three banned newspapers could resume publication depended on their abandoning their "bad old ways" of inciting people. The same criteria applied to those in detention, including Mr Lim Kit Siang, the opposition leader, and nine MPs from his Chinese-based Democratic Action Party.

Under the security act, the government has 60 days to decide whether they should be freed or their period of detention extended. "Some of them might come out earlier; some might be detained much longer. It depends on whether they intend *to make inflamatory* speeches, said Dr Mahathir.

He defended the *fact* that newspapers were no longer reporting some parliamentary speeches. The media were being very cautious because "it is one thing to have a speech made in Parliament to MPs, who we *should assume understand what* is inflammatory. But, when you tell the same story to the whole country, it takes on a different complexion altogether."

Dr Mahathir believed that those people who had photocopied the parliamentary record and circulated it were guilty of creating racial tension.

The prime minister also declared himself "at a loss" over aspects of the legal system, particularly the current case in which the government's award of a big road-building contract is being challenged *by* the imprisoned DAP leaders.

"The constitution says quite clearly that no government function may be obstructed in any way. The tender procedure is a government function and it is being obstructed. Now the courts are going to decide who should get the contract. I find it very odd," he said. Dr Mahathir added that the courts were required only to be fair and neutral, but "uncalled *for*" remarks had been made from the bench, such as the Prime Minister being described as "confused". Such comments showed bias, he said.

Relations between the government and the strongly independent judiciary have been strained in recent months. Some members of Dr Mahathir's party moved recently to introduce a parliamentary censure motion against a high court judge, but withdrew after fears that the proposal would further divide the party.

Dr Mahathir admitted, however, that all efforts to resolve the split in his United Malays National Organisation have failed. He felt sure of winning "a good majority" in a general election, but was reluctant to predict victory if the courts were to order a re-run of the UMNO leadership contest of last April.

The prime minister was confident the recent crackdown would not affect foreign confidence or investments. "The Japanese are happy with the stability of the country," he said.

Keating warns of adverse trade figures with slide in currency

BY CHRIS SHERWELL IN SYDNEY

AUSTRALIA can expect "slightly more adverse" monthly balance of payments figures because of the recent slide in the Australian dollar, Mr Paul Keating, the Federal Treasurer, said yesterday.

However, the depreciation in the dollar's value against other currencies was "appropriate," he said, and the country would benefit from the additional competitiveness.

Mr Keating, the key economic minister, was speaking at a meeting of the government's economic planning advisory council. It was his most detailed comment on economic policy since the collapse of world share markets.

Australia continues to suffer a serious deficit on its current account and its external debt is still rising. Both are among the highest, as a proportion of gross domestic product, in the Organisation for Economic Co-operation and Development.

The share price plunge has been followed by a slide in the dollar. On a trade weighted basis the currency finished yesterday at 51.2 (May 1970 = 100), down from 51.3 on Thursday and 55.6 a month ago.

Mr Keating warned that Australia would face a tougher international trading environment because the fall in share prices would tend to dampen world economic growth.

He acknowledged that, domestically, private consumption expenditure would slow because of reduced wealth and uncertainty about the economic outlook. There would also be an impact on investment, he said.

Some slowing in demand for Australia's exports could be expected, at first as stockpiles were run down and later as world growth itself began to moderate. At the same time, however, import growth would slow down.

Mr Keating said the government stood by its forecast inflation rate of 6 per cent even if the dollar depreciation was maintained. He also defended the existing system of wage restraint.

No precipitate action was necessary on the government spending and revenue front. The present stance of fiscal policy was tight, he said.

The fundamental requirement now was for the major world economies - the US, Japan and West Germany - to correct their budgetary and trade imbalances. Nothing but a cut in the US budget deficit would more rapidly restore confidence to world markets, he said.

Mr Keating's comments came in the wake of opposition criticism accusing the government of failing to acknowledge that the world share market collapse has altered Australia's economic outlook.

The treasurer insisted yesterday that Australia's policy framework would be able to respond to any eventuality.

Guerrillas warn US

Filipino guerrillas declared virtual war on the United States yesterday, listing a wide range of Americans as targets, Reuter reports from Manila.

The National Democratic Front, an umbrella organisation of communist groups, said unless the US stopped meddling in the Philippines, it would pay a high price in terms of American lives and property.

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Brazil carmaker defies government over prices

BY IVO DAWNAY IN RIO DE JANEIRO

THE long-running row over car prices between Autolatina, the South American holding company for Ford and Volkswagen, and the Brazilian government, yesterday reached an open conflict which could leave the manufacturer liable to legal action.

The carmaker unilaterally raised its prices by an average of 28 per cent in an unprecedented public act of disobedience that has amazed other businesses.

The move is certain to be viewed as a direct challenge to the authority of Mr Luiz Carlos Bresser Pereira, the Finance Minister, who has personally resisted intense pressure from the company for greater freedom on pricing.

In a front-page advertisement in the *Jornal do Brasil* newspaper, Autolatina said its action was allowed under a special agreement with the government in April.

The so-called protocol, signed this year by the then finance minister, Mr Dilson Funaro, and the vehicle manufacturers' association, Anfavea, guaranteed certain profit margins within domestic price restraints, in return for commitments from the manufacturers to export targets.

Mr Bresser Pereira, who became minister in May, has since ignored the agreement, claiming it has no legal status. This has provoked the company to go to court to force the government to honour it.

The advertisment said the future of its 56,000 employees, its distributors and component suppliers, as well as the well-being of 1m Brazilians dependent on the industry, forced it to act. "The preservation of our companies constitutes a social and moral obligation," it said.

Even so, Autolatina's action represents a serious challenge to the authority of President Jose Sarney's government, already under attack from the industrial sector for failing to cut its public sector deficit and safeguard business interests.

It is certain to be welcomed by many other industries, also pressing for unregulated prices. Mr Sarney, however, already under attack from politicians anxious to reduce his term, has suffered thereby the most serious setback in his government's battle with inflation. The monthly rate per cent is surging back to double figures.

Many economists believe Mr Bresser Pereira will have little alternative to a full price freeze in December or January, which would be the third in two years. However, the Autolatina case raises doubts over how a freeze can override growing defiance from business.

Employers' organisations met in Brasilia this week to launch their fiercest attack yet on the administration. In a rallying call to entrepreneurs, Mr Antonio Oliveira Santos, chairman of the National Confederation of Commerce, called for "a decisive action in defence of the principles of modern capitalism, the market economy, free enterprise and social democracy."

Mexico, US sign trade accord

BY ROBERT GRAHAM, LATIN AMERICA EDITOR, IN MEXICO CITY

MEXICO and the US took a big step yesterday to liberalise their $30bn annual trade by signing a framework agreement to eliminate the main contentions in their bilateral commerce.

This is the first such US trade agreement with a developing country. It followed the recent historic pact between the US and Canada to eliminate all trade barriers.

It comes as the US faces the prospect of a trade conflict with Brazil over the latter's restrictons in its domestic market for computer software – one of the areas specifically covered in the outline agreement with Mexico.

In a statement after he signed the agreement, Mr Clayton Yuetter, the US Trade Representative, said "an agreement such as this between two major trading partners of the world complements multilateral trade systems. This, coupled with Mexico's membership of the Gatt, will help our two countries resolve disputes, increase trade and work towards a strong future."

Mexico is the fourth largest trading partner of the US, after Canada, Japan and West Germany. The agreement has been painstakingly negotiated and was made possible by Mexico foregoing its reluctance to join Gatt two years ago.

Both sides are now pledged to begin within 90 days broader trade negotiations which will lay the groundwork for a full-scale trade agreement.

The new pact allows for consultation to resolve disputes under the Office of the US Trade Representative and the Mexican Secretariat of Commerce and Industrial Development.

The US is anxious to use the agreement to open the Mexican services industry (especially transport and telecommunications) to US investment. The US also wants to be able to exercise proper control over copyright and patent restrictions on intellectual property, covering such areas as computer software, technological processes, books and records.

The Mexicans are anxious to see a more generous approach to US steel import quotas, increases in the purchase of oil and greater Mexican ownership in the in-bond industry along the common border.

Tony Walker sets the scene for the Arab summit in Amman this weekend

Search for consensus amid antipathies

ARAB RULERS are to begin an extraordinary summit meeting in Amman this weekend, in an effort to paper over the deep cracks apparent in a largely mythical edifice of regional unity.

Personal antipathies, factionalism, historical conflicts and confusion about objectives have undermined a fragile Arab consensus. The summit – the first full-scale gathering of Arab heads of state since the one at Fez in 1982 – will seek to revive a sense of regional purpose in the face of Iran's physical and ideological threats.

The long shadow of the Gulf war will fall across these deliberations in the Jordanian capital, set in barren hills on the east bank of the River Jordan.

But for the Iranian threat to collective Arab security, there would have been little impetus for such a meeting. As it is, prospects are slim of the summit putting an end to inter-Arab feuding.

King Hassan of Morocco, who hosted a mini-summit in 1985 which was boycotted by five states, including Syria and Algeria, was gloomy in a newspaper interview this week about possible achievements in Amman. "I am usually an optimisitic man but, for the summit, I am pessimistic," he told the Kuwaiti daily, *Al-Siyassah*. "The summit will have to end with resolutions or recommendations that will not please all and will anger some."

THE FUTURE for the Arab world was "bleak" unless Arab heads of state, who begin meeting in Amman tomorrow, can forge a united front against serious threats facing the region, Mr Taher al Masri, Jordan's Foreign Minister, said yesterday, Tony Walker reports from Amman.

It was crucial that Arab leaders confront difficult questions such as their lack of unity on the Gulf war, and the continuing exclusion of Egypt from Arab forums, the minister added.

"The future is bleak for us as states. We look at dangers coming from Iran as real. We look at social conflict in our countries. It is very serious and dangerous," he went on.

A well-placed Jordanian official said that, apart from the Gulf war itself, Egypt's relations with Arab states were emerging as the crucial summit issue. Pressure for Egypt's readmission to the Arab League was rising, he indicated.

The official noted that the decision to suspend Cairo from the Arab League after it signed a peace treaty with Israel in 1979 was by no means unanimous. He implied that readmission may not require unanimity.

Heads of state of the 20 countries expected to send delegations – it is unclear whether Libya plans to attend – will focus on two broad issues: the Iran-Iraq war and the Arab-Israeli dispute. Both topics are potentially divisive. Syrian support for non-Arab Iran in the Gulf conflict is a serious impediment to the development of a united Arab front against the Iranians. It is also the cause of much bitterness between Damascus and Baghdad.

Efforts to forge an Arab consensus on an approach to Middle East peace are similarly fraught with difficulties. There is broad support for the notion of an international peace conference attended by parties to the dispute, plus the five permanent members of the UN Security Council, but differences remain over Palestinian representation.

Another potentially divisive issue is Egypt and its formal relationships with Arab countries. Syria remains steadfastly opposed to an end to Cairo's suspension from the Arab League. However, many Arab rulers are now calling openly for Egypt's readmission, or at least a restoration of full diplomatic ties with Egypt, which were severed by most countries in protest at the 1979 peace treaty with Israel.

It would not be surprising if the Amman meeting were to be followed by several Gulf states, Iraq and Morocco restoring full diplomatic relations with Cairo.

Because of deep-seated and seemingly intractable differences among the Arabs on the key questions dividing them, the most likely result in Amman is a series of imprecise resolutions. This is unless, of course, Arab leaders are prepared to forgo their traditional attachment to consensus at all costs.

There is always a possibility of this summit breaking down completely or of at least one of the participants walking out. An attempt by the majority to isolate or censure Syria would probably achieve this.

Gulf states have become increasingly irritated with Damascus over its support of Iran, especially in view of recent Iranian missile attacks on Kuwaiti territory. Kuwait's foreign minister this week questioned obligations imposed by previous summits to provide assistance to Syria as a front-line state.

President Hafez al-Assad has indicated he will attend the Amman summit, but this was only after the organisers had agreed to expand the agenda to include the Arab-Israeli dispute. At first, the extraordinary summit was called to deal exclusively with the Gulf war.

Syria feared being isolated in such circumstances and said it would boycott the gathering. The fact that its objections were accommodated reflects a desire on the part of Arab states to make all efforts to bring the Syrians back into the fold.

A Gulf war resolution is likely to call for further mediation efforts. Endorsement of UN demands for a ceasefire would preclude the need for a specific condemnation of Iran, which Syria might find difficult to accommodate.

The Amman summit, if it attracts a near full-house of Arab heads of state, will bring into uncomfortable juxtaposition leaders whose personal antipathy to each other is one of the causes of deep divisions in the Arab world.

President Assad and Iraq's Saddam Hussein are long-standing rivals in Arab forums. Relations have also been poisonous between the Syrian leader and Mr Yasser Arafat, chairman of the Palestine Liberation Organisation, although there has been talk recently of attempts at reconciliation.

For King Hussain of Jordan, the summit host, it is an important event because it is being held largely as a result of his efforts. He has pushed hard for a solid Arab bloc to stand firm against Iran.

As ruler of a small and vulnerable state with few resources, he would have much to lose if the region were plunged into further chaos. A successful summit would add to his prestige but one that foundered might prompt the question of why he bothered.

Scots MPs seek to forestall TV 'exposure'

BY RICHARD EVANS

REPRESENTATIVES of two Scottish Labour MPs sought the withdrawal yesterday of a television programme making allegations of financial irregularities within the Dundee Labour Party.

The programme, commissioned by Channel 4 and researched and made by Scottish Television over 16 months, tells how a network of three social clubs in Dundee was set up by local politicians, two of them now MPs, and others prominent in local government.

The clubs, two of which have been closed down, have total debts of more than £600,000, and it is claimed that £100,000 is unaccounted for in the tangled financial records.

Mr Jim Martin, a former Dundee Labour councillor who managed one of the clubs, told *STV of his involvement.* He claims that large amounts of money were diverted from the social clubs to Dundee Labour Party when the clubs were in severe financial trouble.

There was also a system, according to Mr Martin, where personal cheques of up to £600 were cashed in the clubs by senior Labour Party members. Some of the cheques subsequently bounced and no attempt was made to chase the money. However, the officials concerned have given assurances that all the debts were eventually honoured.

Mr Martin discloses that club funds were used to pay the rent of a council flat used by himself and another councillor as a love nest. Virtually the only piece of furniture in the flat was an air bed.

The two MPs named in the programme, both of them formerly prominent in Dundee's robust politics, were Mr George Galloway, who defeated Mr Roy Jenkins at Glasgow Hillhead at the last election, and Mr Frank Doran, MP for Aberdeen East. Also named is Mr Ken Fagan, president of the Convention of Scottish Local Authorities.

Channel 4 was due to show the programme, called "In the Red" last night, after efforts all day by the MPs' legal advisers to have it stopped. Previews for journalists of the film in London and Glasgow were delayed for more than two hours while the arguments continued.

The programme might be particularly embarrassing politically for Mr Galloway, who has only recently been given the support of his local constituency party after disclosures of personal indiscretions. He admitted having an extramarital affair while on a fund-raising trip to Greece as general secretary of the third world charity War on Want.

He resigned from the War on Want management committee last month. Before leaving he repaid nearly £3,000 in expenses.

Schoolboy questioned over share dealings

Financial Times Reporter

A SCHOOLBOY who took an unsuccessful £100,000 gamble on the London Stock Exchange was being questioned by Fraud Squad detectives yesterday.

The 15-year-old boy, from Matlock, Derbyshire, went home from school at lunchtimes to telephone brokers in Wolverhampton and Scotland. He ordered them to buy shares worth £100,000 in several companies before the recent stock market fall.

According to police, the boy passed himself off as a 19-year-old businessman and used terms he learnt in economics classes at school to convince brokers that he was a genuine new customer.

A check by the Stock Exchange Mutual Reference Society cleared the boy of having previous debts and in good faith the shares were bought on his behalf.

It was only when the boy was unable to meet his brokers' bills and the shares started to tumble in value that the brokers realised they stood to lose more than £20,000.

Mr Michael Somerset-Leek, a senior partner in CGS Securities, one of the stockbroking firms used by the teenager, said yesterday: 'He dealt through our Wolverhampton office and it has cost us some money, but anything I say may damage my case in claiming money from the lad. He has obviously been very naughty.

'The point is that when a new customer opens an account there has to be a certain amount of goodwill on both sides - it is just one of the problems of wider share ownership.'

Mr David Marshall, the boy's headmaster, said: 'I am aware of this boy's case but it is not something I want to talk about. *All I can say is that he has told* me he went home at lunchtime and ordered the shares there.'

Derbyshire police said last night that 'possible offences by a juvenile are being investigated.'

Many happy returns with a slice of filmed history

BY RAYMOND SNODDY

Jerry Weintraub: like owning a gold mine

MR JERRY WEINTRAUB, the film industry entrepreneur, gave his friend Mr Armand Hammer, oilman and philanthropist, an interesting birthday present this year.

Mr Weintraub, producer of films such as Nashville and new *chairman* of his own entertainment group, presented Mr Hammer with a compilation of Pathe news film covering the week he was born in May 1898.

"He really flipped. He loved it," said Mr Weintraub, who bought the Pathe film archive running from 1896 to 1970 this year when he paid the Cannon Group $84.75m (£47.66m) for the former Thorn EMI Screen Entertainment library containing more than 2,000 titles.

Mr Weintraub owns rights in classic black-and-white films such as The Man in the White Suit with Alec Guinness and The Third Man with Orson Welles and Trevor Howard, as well as more modern films such as Mona Lisa and One Flew Over The Cuckoo's Nest.

But Mr Weintraub, who raised $461m in finance for his new company Weintraub Entertainment in February, saves his greatest enthusiasm for the 8,500 hours of Pathe news film.

The Pathe cameramen were there at events ranging from the launch of the Titanic to the Yalta conference.

"It's like owning a gold mine. It's a comprehensive history of the world from 1896 to 1970 on film," Mr Weintraub said.

He is already at work, mining the archive, which is based at Elstree film studios, and thinking of ways of exploiting it - including the possibility of setting up a commercial service to sell personal birthday cassettes of the sort given to Mr Hammer.

Other ideas include packaging Pathe news with films from the library so that if the BBC showed The Man in the White Suit, the broadcast could be preceded by a Pathe news selection from the period when the film was being made.

This week Mr Weintraub announced a joint venture with ABC, the US network television company, to exploit their news archives. The venture will be called ABC/Weintraub Pathe.

"It is, without doubt, the most comprehensive news archive in the world, and will be marketed to its fullest potential," said Mr Weintraub.

The ABC link gives the archive a future because the ABC footage runs from the 1960s and is being added to every day.

Mr Weintraub, head of United Artists for a short time before setting up his company with financial backers including Coca-Cola, has ambitious plans for film production. By 1990 he hopes to be producing 10 films a year.

Mr Weintraub said he was interested in European film production and was in discussion with Pierson, Heldring & Pierson, the Dutch merchant bank that has been trying to set up a European film and production fund for some time. The aim would be to have a rolling fund of about $200m to help to finance European production aimed primarily at international markets.

Mr Weintraub is considering putting up $50m for the fund. If the deal goes ahead, a British-made film of Peter Pan might benefit.

Labour claims Immigration Bill is racist

BY ALAN PIKE, SOCIAL AFFAIRS CORRESPONDENT

THE GOVERNMENT'S Immigration Bill, foreshadowed in the Queen's Speech, was published yesterday amid Opposition allegations of racial discrimination.

The Bill narrows the grounds of appeal in deportation cases. It would no longer be possible to argue that ministers or officials have exercised their discretion wrongfully.

It also reverses a 1982 House of Lords decision restricting the grounds on which a person could be deported for overstaying leave to be in the UK.

Mr Douglas Hurd, Home Secretary, said yesterday that the Bill continued a "vigilant and commonsense approach" to the amendment of immigration controls. It did not change the basis of the system of control under the 1971 Immigration Act, but from time to time gaps appeared and the bill would enable the system to be operated more effectively.

"I am quite clear that harmony in our cities depends on maintaining a firm but fair immigration control," he said.

Mr Roy Hattersley, Labour's Shadow Home Secretary, condemned the Bill, saying it contained a set of petty and vindictive measures.

"We have to wait for action on knives. We have to wait for action on guns. We have to wait for legislation which may increase the safety of every citizen. No time is to be lost in pandering to the racial prejudices of the extreme right of the Tory Party."

As with every piece of immigration legislation passed by the Government, said Mr Hattersley, the bill was racially discriminatory. It was intended to ensure that people of black and Asian origin who had a right to live in the UK would find it difficult to exercise their right.

The bill will make overstaying in the UK after leave to be in the country has expired a continuing offence. Since the Law Lords' ruling in 1982, the broad legal position has been that the offence can be committed only on the first day after expiry of the period of leave. The Government sees that as preventing prosecution in some of the most serious cases of overstaying.

Rights of appeal by people liable to deportation would be restricted to the question of whether a decision to deport was taken in accordance with the law and immigration rules. *It would no longer be possible* to appeal on the ground of wrongful exercise of discretion by ministers or officials.

People claiming British citizenship would in future have to establish that claim overseas before arriving. That is intended to remove the problem of people arriving at UK ports or airports without appropriate citizenship documentation. Under the bill, it will be possible for them to be removed without a right of appeal in the UK.

The bill also provides that only one wife in cases of polygamous marriage shall be able to join her husband in the UK, although the Government accepts that in terms of numbers that is not a serious problem.

Housing aid decision reversed

Financial Times Reporter

A GOVERNMENT interpretation of the housing benefits regulations that prevented retrospective payments was wrong and created anomalies, two High Court judges ruled yesterday.

Mr Justice Kennedy and Lord Justice Parker allowed appeals against the policy of the Social Services Secretary, which adversely affected people entitled to help with their rent during a time of crisis but who discovered their rights too late.

The Government took the view that once the period relating to the claim was over, no payments could be made, even though people were still suffering from debts in consequence.

Disagreeing with that view, Mr Justice Kennedy said: "*Housing benefits are clearly* intended to assist those in need and the rent allowance scheme should not be interpreted so as to create unnecessary anomalies."

He held that the regulations did not restrict benefit, provided claims were made only for periods starting no more than a year before the date of claim. Lord Justice Parker agreed.

The judges quashed a decision of the London Borough of Kensington and Chelsea last November to follow government policy and refuse a retrospective payment to Mr Anthony Goodson, 59, of North Kensington.

Plans for fresh curbs on London night jet flights

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

FURTHER CURBS on night jet noise at London's Heathrow and Gatwick airports will become effective on April 1 if Department of Transport plans are approved.

The proposals, detailed in *consultation papers published* yesterday, include cutting the number of night flights at Heathrow from 3,650 to 2,750 in the summer, (April 1-October 31). Night flights in the winter (November 1-March 31) would be cut from 3,150 to 3,000. Those quotas would be frozen for five years, from 1988 to 1992.

At Gatwick, two plans are suggested. One is to freeze the present quotas of 4,300 night flights for the summer and 1,950 for the winter, for the same five years.

The other, more controversial, proposal is to halve over the next five years the permitted number of flights by older, noisier jets while increasing by a greater amount the number of flights by quieter, modern jets.

The net effect of that would be to increase progressively the total of Gatwick night flights each summer from the present 4,300 to 5,190 by 1992 and the winter total from 1,950 to 2,357 flights.

The Department of Transport argues that, because there would be a bigger proportion of quieter aircraft, overall noise *levels would diminish.*

Final decisions will not be taken until next February, after consultations with the airlines, environmental groups, local authorities and MPs in the constituencies affected.

Mr Paul Channon, the Secretary for Transport, announcing the proposals in a parliamentary written answer, said he wanted comments from all parties by December 23.

He said airline demand for aircraft movements was increasing at Heathrow, but he was not satisfied that it could be met without adding to night noise disturbance.

At Heathrow, the proposals are likely to be regarded as a victory by environmental groups, which have fought a campaign for cuts in night jet quotas. But they are likely to be greeted by airlines with dismay.

Government is resolute on ferry passes

CROSS-CHANNEL ferry boarding passes might be introduced by February 1 after Sunday's incident in which an overcrowded Sealink ferry had to turn back to Boulogne.

Lord Brabazon, Transport Minister, said yesterday that the Government would insist on boarding passes' being used. Consultations with the ferry companies would deal only with the details of operating the system.

He added that the Government would impose the system if necessary and he hoped the legislation would be passed by February 1988.

Speaking on BBC radio's World at One, he said: "It has got to be a simple and effective system so it cannot go wrong."

Lord Brabazon said it would be "not too long" before a decision was reached whether to prosecute Sealink for the incident involving its ferry Horsa.

He said Department of Transport officials were staging undercover inspections of ferries to check that all safety procedures were being observed after the Herald of Free Enterprise disaster.

Builders and architects urged to help beat crime

BY IVOR OWEN

ARCHITECTS and builders were urged to give higher priority to crime prevention and to avoid creating "burglar-friendly" homes by Mr John Patten, Home Office Minister, in the Commons yesterday.

A conference next month, in which Mr Patten will take part, will consider proposals for security devices to be built in at the design stage.

He said that for between £20 and £30, householders could make their homes secure against all but the most determined burglar.

Mr Patten rejected Labour charges that government policies had contributed to the rise in crime by increasing unemployment and exacerbating inner-city problems.

He said over the last 30 years, under governments of both political colours, crime had gone up by an average of 6 per cent a year.

Mrs Ann Taylor, Labour spokeswoman on home affairs, described Mr Patten's speech as "woefully inadequate."

Unemployed youngsters in deprived areas were more likely to be alienated from society and more likely to offend.

Ministers claim economy can stand market storm

BY PETER RIDDELL, POLITICAL EDITOR

SENIOR ministers are mounting a concerted campaign of speeches this weekend on the theme that the British economy is in the best possible position to weather the storm in the financial markets.

Mr Nigel Lawson, the Chancellor, is due to give a television interview on Sunday and several other members of the Cabinet made speeches yesterday, or are making them today.

The Chancellor enjoys the confidence of his ministerial colleagues and of Tory backbenchers for his handling so far of the market upheavals.

But there *is* some apprehension in the Cabinet that he and the Prime Minister might be making their policy too dependent on the considerable uncertainties of whether President Reagan and Congress can agree measures for reducing the budget deficit that are credible to the markets.

Hence, the ministers are worried that the economic outlook might become more difficult from now onwards.

Consequently, there is an effort to emphasise the ability of the British economy to withstand such pressures. For instance, Mr Paul Channon, the Transport Secretary, told a Conservative meeting in Leicestershire that, given the uneasy times for the world economy, "we in Great Britain are in the strongest possible position to weather the storm."

Similarly, Mr Tom King, the Northern Ireland Secretary, made a point of contrasting "a rather depressing week on the international markets" with "an encouraging week for the British economy."

Speaking in his Bridgwater constituency last night, Mr King repeated Mr Lawson's criticisms of the size of the US budget deficit and said: "The Chancellor's autumn statement shows all the merits of sound financing and a balanced budget."

He argued: "If the economic climate remains favourable we can make the fastest progress. If the weather turns rough, then *the strength of our economy* gives us the best chance of withstanding it."

The theme that the strength of the British economy has permitted the hat-trick of higher public spending, lower borrowing and lower taxes will be underlined in a speech later today by Mr John Wakeham, the leader of the Commons.

Post Office counter service under study

By David Thomas

THE MONOPOLIES and Mergers Commission is to carry out a six-month study of counter service efficiency at 1,500 of the largest Post Offices, which is likely to fuel debate about privatisation.

The Government has not ruled out the prospect of privatising the counters separately from the Royal Mail.

The commission's investigation is one of a regular series of studies of nationalised industry efficiency. Its formal terms of reference ask the commission to report on how the Post Office *could improve efficiency or ser*vices without significant extra cost.

Ilea head attacks Labour over education policy

BY DAVID BRINDLE

THE LABOUR leader of the education authority employers in England and Wales has criticised his own party's education policies and the "imbecilities" of the teachers' trade unions.

Mr Neil Fletcher, leader of both the Inner London Education Authority and the national employers' body, said in The Times Educational Supplement yesterday that it was not good enough to blame the Conservative Government. Labour had for almost eight years controlled authorities running 75 per cent of the nation's schools.

"We have given too little thought to the public impres*sion of our institutions,"* he said. "We have bent the knee too readily to the teacher unions."

Funds group cuts top pay

BY CLIVE WOLMAN

GT MANAGEMENT, one of the UK's largest independent investment management companies which *manages pension* funds, unit trusts and investment trusts, is to cut its salaries for senior staff by between 5 and 15 per cent in response to the fall in the world stock markets over the last three weeks.

The fall has reduced the value of its assets under manage*ment by about 30 per cent and* with it its annual management fees, which are mostly levied in proportion to the asset value.

In the spring, senior employees were awarded substantial increases in their salaries as a result of the stock-market boom, which was then approaching its peak.

Bonuses for the first half of the year were also set at record levels. However, in the second *half of the year* no bonuses at all are likely to be paid unless stock markets rebound vigorously within the next few weeks.

Basic salaries are to be cut by *15 per cent for directors,* and by 10 or 5 per cent for senior employees beneath board level. Employees earning less than £15,000 will not have their pay cut.

US plans for Scottish plant

TECHDYNE, a US electronics company based in Miami, is to set up a components plant at Livingston, West Lothian.

It expects to employ 120 peo*ple within 18 months* making cables, wire harness assemblies and other components.

The 28,000 sq ft plant is expected to be operating by January, in an existing factory.

Mr Ian Lang, Minister of State at the Scottish Office responsi*ble for industry, visited* the company to try to persuade it to choose a site in Scotland for its European base.

Mr Dan Chiodo, president of Techdyne, said the company considered several locations.

Backing for Eurofighter

BY DAVID BUCHAN

THE MINISTRY of Defence's technical and financial experts yesterday gave their approval, as expected, to UK participation in full development of the multinational European Fight*er Aircraft.*

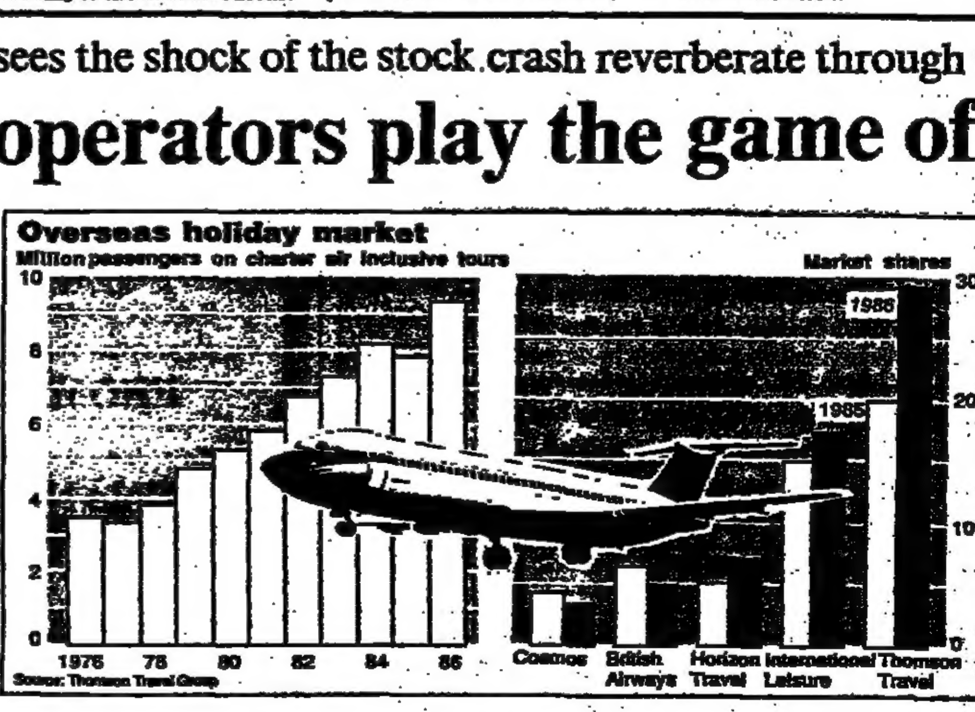
Ministerial blessing is still required before the UK can sign a firm accord with West Germany, Italy and Spain. The MoD's Equipment Policy Committee has recommended EFA as a replacement for Jaguars and Phantoms in the late 1990s in preference to the American F-18 fighter or a purely British design.

Mr George Younger, the Defence Secretary, said this week he hoped all four governments would be ready to sign a formal memorandum of understanding on EFA by early 1988.

Some doubt hangs over the participation of West Germany, which is concerned over the cost of EFA.

David Churchill sees the shock of the stock crash reverberate through the travel industry

Tour operators play the game of nerves



LEADERS OF Britain's travel industry are meeting in Austria next week amid fears that the plummeting stock market might lead to a wider loss of confidence in consumer spending, and depress next summer's package holiday market.

The Association of British Travel Agents is also having to come to terms with the difficulties of the past year arising from the slowdown in demand. At one point in the summer, return flights to most Mediterranean resorts were being sold for as little as £29.

There has been a slow start to bookings for next summer, perhaps because holidaymakers are waiting to see how the economic position develops, in the *expectation that prices will* come down as the tour operators become more desperate.

Some in the trade suggest holidaymakers would do well to wait, at least until after Christmas, when the leading tour operators are widely expected to relaunch their summer 1988 brochures at lower prices.

However, those who want to book early can benefit from a price war between travel agents keen to secure business.

The Co-Op Travelcare travel agency, part of the Co-Operative Wholesale Society, this week offered to take bookings for next summer's holidays without any deposit.

Most of the other leading travel-agency chains are offering booking deposits of between £5 and £10 a person - compared with up to £50 a person last year.

The scene for the current turmoil in the travel trade was set in the summer of 1985 when the number of package holidays sold fell by about 4 per cent in comparison with 1984.

Previously the package holiday market had been on a steady growth track for several years but a price rise and poor marketing by the tour operators led to 1985's *poor performance.*

Leading tour operators reacted by launching a fierce price war for the 1986 season. That gave the trade its biggest boost in demand for several years in 1986.

Armed with that success, the travel trade then embarked on what has been described by one travel industry analyst as "collective madness." The industry increased its capacity overall for 1987 by a staggering 30 per cent.

Volume in 1987 is likely to be only between 10 and 15 per cent higher than in 1986. Although that is a strong growth performance by any standards, it still leaves the travel trade with considerable excess capacity - hence the rush to sell airline seats at rock-bottom prices earlier this summer.

Selling off such seats at cost or below cost - helped to keep the leading tour operators solvent. But it had *two other* effects.

First, it annoyed holidaymakers who had booked their holiday early at brochure prices, only to find that they shared their hotel with others who had paid much less by picking up last-minute bargains.

Second, it quite sharply depressed tour operators' profitability. Holidays in the peak summer months of June, July, and August are normally the ones on which tour operators earn most profits.

"For many operators, these months represent both the jam and the cream for their year in financial terms," says Mr Richard Gapper, managing director of the Pickfords Travel agency chain. "But by being forced to sell at lower prices this year, their profitability will have been badly affected."

The first operator to reveal the effects of summer price discounting has been Airtours. It recently warned shareholders that "exceptional market conditions" had severely dented pre-tax profits for the financial year ending in September.

Mr David Crossland, its chairman, said the price-cutting war between tour operators was the most serious for 20 years.

"The price war this year has driven a number of smaller tour operators out of business as well as causing some realignment among the leading operators.

International Leisure group was bought out this year by its management, which subsequently took the company private. That was to enable the company to expand its airline operations without having the fluctuations in the package-holiday market affecting its ability to raise finance.

Horizon Holidays was also acquired by the Bass Group this year, with Bass subsequently buying the Wings travel group from the Rank Organisation.

Last month, British Airways' loss-making holiday subsidiary, BA Holidays, was merged with the fast-growing Sunmed operation to form Redwing Travel, the fourth largest tour operator.

The market leader is Thomson Travel, which is privately owned by the Thomson Organisation. Between them the four top companies now control nearly 70 per cent of the market by volume.

Those leading operators will all feature in the industry discussions at Innsbruck next week. They have already taken a more sanguine view of the strength of demand for next summer.

"We expect the industry's capacity, measured by numbers of *airline* seats on offer, to be about the same next year," says Mr Vic Fatah, managing director of Redwing.

The leading operators are also putting less emphasis on price cuts for next summer, in an attempt to improve profit margins. However, it seems *likely* that they will be forced into some form of price discounting and special offers - as well as heavy advertising - if sales of next summer's holidays do not pick up by Christmas.

But while the travel industry is worrying about the prospects for next summer, demand for winter holidays over the next few months is at present about 40 per cent higher in volume terms than last year and this year is set to become a record for the winter market.

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Raymond Snoddy reports on a rising publisher

Headlines at last for the 'unknown' press magnate

The Birmingham Post: bought by Mr Ralph Ingersoll

BARELY A handful of people in the British newspaper industry have heard of 41-year-old Mr Ralph Ingersoll II. When the news emerged on Thursday that an American company called Ingersoll had bought a controlling interest in the Birmingham Post and Mail and the Coventry Evening Telegraph, even senior newspaper executives were poring mistakenly over files on Ingersoll-Rand, the unrelated mechanical engineering group.

All that may be about to change. Mr Ingersoll, chairman and chief executive of Ingersoll Publications Company, which publishes 38 daily and 150 weekly newspapers in the US, is planning to spend a lot of time in the UK over the next few months and will be looking seriously for other British newspaper investments.

A year ago Forbes magazine said of him: "Add the name of Ralph Ingersoll II to your list of media moguls. Driving ambition, a distinguished heritage and Drexel Burnham financing make this young publisher a factor to be reckoned with as more and more family papers pass into chain ownership."

Mr Ingersoll - whose father was a managing editor of the New Yorker and publisher of Time magazine and Life before launching in 1940 a leftwing Manhattan newspaper, PM, which flopped - chose Britain and the Midlands with great care and deliberation.

He believes that in the years between now and the end of the century the UK will increasingly become "the technologically competent low-cost producer" for the European Community and the Midlands should be one of the first regions to benefit from the process.

He says: "We think the UK is on the right course economically."

Mr Ingersoll first met executives from the Yattendon Investment Trust, the company that owned the Birmingham and Coventry papers, in the early 1980s but it was his knowledge of and interest in free newspapers that led to this week's deal.

The Birmingham Post is facing a serious battle against the Birmingham Daily News, the first free daily newspaper in Britain, which distributes nearly 340,000 copies a day.

Mr Ingersoll operates what is claimed to be the largest group of free newspapers in the US - 41 free weeklies in the St Louis area together accounting for a circulation three times as large as the St Louis Globe Democrat.

The US publisher first spent a summer holiday working as a reporter when he was 14 and has been managing the Ingersoll chain since he was 27. He says he is interested in only one investment - newspapers - and wants to own more of them.

The company has been backed financially by the controversial American investment bank Drexel Burnham Lambert, noted for its "junk bonds", and apparently has a war chest for further acquisitions.

Unlike his father, who was primarily interested in the editorial content of his papers, Ralph Ingersoll is mainly interested in the business side of producing profitable newspapers and has a repution as a cost-conscious publisher.

The new proprietor of the Birmingham Post and Mail was once quoted as saying: "My conception of a well managed newspaper is the difference between a 10 per cent profit margin and a 30 per cent profit margin."

Large pay award won by speech therapists

By David Brindle, Labour Correspondent

SPEECH THERAPISTS have been offered large pay rises well in excess of the 5 per cent National Health Service norm after the High Court cleared the way for them to bring cases for equal pay for work of equal value.

However, union leaders called yesterday for rejection of the offer and insisted that the equal value cases would go ahead.

The 3,000 speech therapists are the only NHS pay negotiating group to break the 5 per cent barrier this year. More than 1,200 of them have lodged individual equal value claims, seeking pay parity with pharmacists and psychologists.

About 80 per cent of speech therapists - the overwhelming majority of whom are women - at present earn basic salaries ranging from £7,368 to £9,720.

The pay offer would restructure the salary scales and allow individual health authority employers the flexibility to allocate posts accordingly. Each grade would have six incremental and two extra discretionary points.

The written offer makes clear that the discretionary points are intended for posts requiring additional responsibilities or specialist skills and are "not to be used for personal merit or individual performance."

The five proposed salary scales would range from £8,250 to £19,297, but most staff would be likely to receive up to £10,777 - a rise of 10.7 per cent on the present common £9,720 maximum - or £11,636, a rise of 19.7 per cent, if two discretionary points were paid.

Included in the offer is a lump-sum payment of £450 to compensate for the gap between the due increase date of last April 1 and the proposed implementation date of next January 1.

Although the offer is described as "final," the ASTMS white-collar union representing speech therapists said yesterday it would be recommending rejection in a forthcoming ballot. It believed a resounding "no" vote could lead to further talks.

Ms Donna Haber, the ASTMS divisional officer leading the negotiations, said: "We have made a good deal of progress in improving the grading and career structures and improving the salary levels above the cash limit. But there is still a way to go."

Last week, the High Court ruled that an industrial tribunal had been wrong to refuse to hear equal value cases brought by three ASTMS speech therapists seeking equal pay with male pharmacists and psychologists earning between £4,000 and £8,500 more.

EETPU in single-union deal with Japanese group

BY PHILIP BASSETT, LABOUR EDITOR

LEADERS OF the EETPU electricians' union yesterday agreed a further single-union deal with a Japanese company in spite of the union's promise to inform the TUC in advance of any such deals being signed.

The EETPU insisted that its agreement with Brother Industries, a Japanese-owned company based in north Wales, was in outline form only and that it would now report the issue to the TUC before the deal is finally ratified.

However, left-wing unions opposed to the EETPU are likely to view the union's agreement with Brother as a breach at least of the spirit of the union's undertaking to the TUC at a time when the TUC's review of trade unionism - including the issue of strike-free, single-union deals - is in progress.

So far, all the EETPU has agreed with the company for its 550 employees at its electronic typewriter plant at Wrexham and its microwave oven plant at Ruabon is a deal giving the union sole recognition rights for all employees.

However, the EETPU said yesterday that the union intended to move towards a full strike-free package agreement with Brother. The company wants to secure such a deal within the next two months.

Brother has been a non-union plant in the first two and a half years of its operation in north Wales, but Mr Malcolm Newman, general manager for manufacturing, said of its recognition deal with the EETPU: "The company has grown up and in growing up we felt that now was the right time to do it."

The EETPU said it would now report its position to Mr Norman Willis, TUC general secretary, for any advice he might wish to give before the agreement was finalised, which the union said was in line with its pledge at the TUC Congress in September.

Though the electricians' deal with Brother is unlikely to be as controversial as some it has signed, local leaders of the TGWU transport union are angry at the move.

The TGWU had made a number of attempts to recruit at the company - including staging a discotheque in Wrexham for the company's mainly young, female employees as an encouragement to join the union - but EETPU leaders believe it had made little, if any, headway.

The TUC said yesterday that it had received no notification yet from the EETPU about any new agreement.

Flexibility talks founder in the face of unbending opponents

John Gapper on the aftermath of the collapse of four years of negotiations

THE ENGINEERING workers gathered outside a London hotel to see four years of negotiations finally come to nothing were clear about which men had emerged as the heroes and villains of the saga.

Mr Bill Jordan, president of the Amalgamated Engineering Union, was greeted with jeers and cries of "Judas" when he appeared. Mr Ken Gill, general secretary of the manufacturing union Tass, was cheered and applauded.

The end of proposals offering job flexibility in exchange for a 1½ hour cut in the working week for up to 1.5m manual engineering workers was a moment to savour for those who had campaigned against it.

There was less noise yesterday as leaders of the Engineering Employers' Federation and the Confederation of Shipbuilding and Engineering Unions started to come to grips with a series of awkward questions about what happens next.

Those questions range over not only the future of the unions' claim for a shorter working week, but also on the prospects of the joint two bodies which have laboured long, hard and unsuccessfully to provide a practical answer.

Government hostility to national joint wages and conditions bargaining has put pressure on bodies such as the EEF to show their effectiveness by reaching agreements of the type which foundered on Wednesday morning.

Some engineering unions regard the joint bargaining power of the EEF and the CSEU as an unwelcome prop to the Amalgamated Engineering Union's dominance of the CSEU and would not be sorry to see either body founder.

Such thoughts are encouraged by the limited role of the annual pay negotiations for 600,000 manual workers between the EEF and the CSEU. They cover national minimum rates, overtime payments, some shift premiums and holiday entitlement.

Yet most companies pay well above the minimum rate - the average skilled wage this year is £162.20 compared to the minimum rate of £106.50 - and, the argument runs, do not depend fundamentally on the EEF for a lead.

The EEF no longer negotiates national rates for white collar workers, who make up 400,000 of its members' 1m employees. Doubts over its role have led to a fall in membership from 6,000 to 5,000 in the past six years.

Yet whatever the problems facing the EEF, it is at least spared the internal divisions of the CSEU. The engineering workers cheering Mr Gill and jeering Mr Jordan re-emphasised again the gap between the two unions.

It is not just a matter of politics. Tass, representing white collar staff and technicians, has had the support of the semi-skilled unions in its campaign to defeat an agreement it saw as benefitting mainly skilled AEU members.

Some of the 11 affiliated unions would be happy to see the CSEU replaced by an industry committee of the TUC devoted to campaigning and research, rather than negotiation. They would also be happy to save the £200,000 annual cost of the CSEU.

One matter on which most seem agreed is that the chance of the unions winning a shorter working week without concessions from the EEF in the immediate future is virtually nil. The argument is far from over, despite the shouting.

AEU 'has extended Dundee agreement'

By Jimmy Burns, Labour Staff

THE TGWU union yesterday alleged that the AEU engineering union had secretly extended its controversial single-union deal at Ford's proposed Dundee plant to include an endorsement of a radical three-year pay and conditions package for the whole of the company's UK operations.

The allegations were yesterday strenuously denied by the AEU. The union, together with the company, has always insisted that Dundee will be a US plant which has nothing to do with Ford of Britain.

However, Mr Mick Murphy, national secretary of the TGWU, claimed that his convenors had evidence that the linkage existed and that the issue would be raised at a joint meeting of Ford unions on Monday.

"If the AEU had accepted these changes in working practices within Ford UK as part of the price for signing Dundee then this is absolute dynamite," Mr Murphy said.

The allegations appear to have brought the prospect of an open split within the TUC over the ramification of the Dundee plant one step nearer.

Mr Murphy said if the AEU was unable to give an adequate explanation on Monday, the position of the union on Ford UK's joint negotiating committee was "totally untenable" and he would have no option than to "activate a vote of no confidence."

Last month Mr Murphy claimed to have blocked a vote of no confidence in Mr Jim Airlie, the AEU's Ford official, so as to prevent the Dundee issue from disrupting pay negotiations at Ford UK.

● Babcock Power, the power station boiler manufacturer, has postponed its plan to shed 475 jobs at its Renfrew plant near Glasgow after manual workers voted unanimously yesterday to back industrial action if the company went ahead.

● Caterpillar, the US earth-moving equipment manufacturer, yesterday finally closed its plant in Uddingston, near Glasgow. The last employees among the redundant 1,200 workforce left the factory, thus ending a lengthy dispute which earlier this year involved a 103-day sit-in.

The company justified the closure on the grounds of overcapacity

Retirement ages made uniform

By Eric Short, Pensions Correspondent

THE PROVISIONS of the 1986 Sex Discrimination Act come into force today and all employees, regardless of their sex, now have the right to retire at the same age. No longer will employers be able to retire a woman at an earlier age than a man.

If that does happen, the woman concerned will be able to take her case to a tribunal on the grounds of unfair dismissal and sex discrimination.

However, the act does not insist on age equality in company pension schemes or in the state pension scheme, although that would be a logical consequence of the uniform retirement age. Employers can still maintain the normal pension age pattern of 65 for men and 60 for women.

Thus the the act will mean that a woman employee on reaching age 60 will have the right to continue working up to age 65 if she desires, taking late retirement from both the company and state scheme.

That would increase a woman's pension entitlement, thereby introducing another form of pension discrimination.

Indeed, the *raison d'etre* for the legislation arose when an employee, Helen Marshall, exercised her right to continue working after her employers, Southampton and South West Hampshire Area Health Authority, wanted to retire her.

The European Court of Justice ruled in February that that was a breach of the Equal Treatment Directive.

Nevertheless, the act gives employers the opportunity to rationalise both their employment and pension policies by having a common retirement and pension age.

However, employee benefit consultants find that the vast majority of employers - like the Government - are doing nothing yet on pension ages.

They are keeping the 65/60 basis and waiting to see how many women will take advantage of their new legal right.

Where employers do adopt a common pension age, it is as likely that they will make women wait until 65 as that they will retire all staff at 60.

It costly to lower the men's retiorement age to 60 and many men opposed employers' forcing retirement on them before they reach 65.

Court orders model to pay VAT penalty

FINANCIAL TIMES REPORTER

A FASHION MODEL yesterday lost her High Court battle with the Customs and Excise over a penalty clause in the tax laws, which can increase by 30 per cent the bill faced by anyone who is late registering for Value-Added Tax.

In a case with implications for anyone planning to start up in business, Mr Justice Simon Brown ruled that Miss Jo-Ann Neal's ignorance of the VAT laws did not provide her with a "reasonable excuse" for registering late.

Miss Neal registered in March last year, more than four months late, since she was earning enough as a model to warrant registration during the three-month period until October 1985. The present registration threshold is £21,300.

Miss Neal, 21, of Earl's Court, West London, failed to overturn a penalty of £212 imposed by the Customs and Excise for the late registration.

She was not in court to hear the judge's decision and now faces a large costs bill.

Mr Justice Simon Brown, giving a reserved judgment, said the VAT tribunal was right to uphold the penalty and to rule that ignorance of the law cannot be an excuse.

The judge sought to determine the circumstances under which a taxpayer could escape the penalty by claiming he had a reasonable excuse for registering late.

He said the excuse was not limited, as the VAT officials claimed, to cases where the taxpayer was physically unable to provide the information within due time.

The judge was reassured to discover that Customs and Excise had been treating as a reasonable excuse circumstances falling far short of physical inability to comply with the statutory requirements.

Excuses were accepted in cases where there was doubt whether the trader was employed or self-employed or doubt whether supplies being made were taxable — doubts which generally would arise out of difficult questions of law, he said.

Mr Andrew Lloyd-Eley, for Miss Neal, argued that she should not have to pay the Customs and Excise costs because the question of what was a reasonable excuse was a matter of general importance to taxpayers and was an area of the law that needed clarifying.

Ronson to face trial with others in Guinness affair

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

MR GERALD RONSON, chairman of the Heron Corporation, who faces eight criminal charges arising out of the Guinness affair, was remanded on bail until April 12 by a Bow Street magistrate yesterday.

Mr Martin Davies, for the prosecution, asked for Mr Ronson's case to be adjourned to the same date as associated cases involving three other men.

The men are Mr Ernest Saunders, former chairman of Guinness; Sir Jack Lyons, the millionaire financier; and Mr Roger Seelig, the former Morgan Grenfell corporate finance director, who were remanded until April 12 when they appeared together in court on Tuesday.

Mr Ronson was not in court yesterday. His solicitor, Lord Mishcon, said he had not been required to appear.

He is on bail of £500,000 on two sureties of £250,000 provided by Mr Trevor Chinn, who holds a senior position in the Lex Group, and Mr Harvey Soning, an estate agent.

The charges against Mr Ronson include two alleging the theft of £2.875m and $4.8m from Guinness. He also faces two charges of false accounting, two of procuring the execution of a valuable security, one of unlawful conspiracy to manipulate the market in securities and one of aiding and abetting Guinness to provide financial assistance for the purchase of its own shares.

Top NUT post for McAvoy

By Our Labour Correspondent

THE EXECUTIVE of the National Union of Teachers yesterday appointed Mr Doug McAvoy, the union's present deputy general secretary, as general secretary designate.

Mr McAvoy, aged 48, is therefore set to take over the top job on the retirement of Mr Fred Jarvis, the NUT's 63-year-old general secretary.

Although no date has been set, this is likely to take place before the Employment Bill becomes law.

Under the bill, the general secretary of the 184,000-strong NUT would be required to stand for election and periodic re-election, even though the post carries no vote on the executive.

Mr McAvoy, from Jarrow, Tyne and Wear, has been the NUT's deputy general secretary since 1974.

He led many of the negotiations during the teachers' recent protracted pay dispute and stood in for Mr Jarvis during the latter's year as TUC president.

While he has a reputation as a hard bargainer, unafraid to lead teachers into disruptive action, Mr McAvoy underwent something of a conversion after the Government's re-election in June and has since maintained a softer line.

The NUT itself in a state of some disarray, having lost thousands of members during the pay dispute and having recently had to shed almost 50 of its own staff.

If Mr McAvoy does become general secretary, he will face the task of rebuilding the union's confidence and strength.

Mr Ian Morgan, the NUT's president, said last night that the decision to appoint Mr McAvoy as general secretary designate from next January 1 would end the speculation and uncertainty surrounding Mr Jarvis's successor.

Expansion by Welsh glazier

By Anthony Moreton, Welsh Correspondent

WEST 'N' WELSH, the Cardiff double-glazing company that claims to be one of the top 10 UK replacement window concerns, has bought Albest Windows of Banbury for £1m and Prime Seal, another Cardiff company, for an undisclosed six-figure sum.

The two deals will add another 40 to the 450-strong workforce. Albest Windows has nine showrooms in the Midlands and Home Counties. Prime Seal is a manufacturer of sealed-glass glazing.

West 'n' Welsh was started five years ago with backing from the Welsh Development Agency and BSC (Industry), the arm of British Steel that helps new businesses in areas where the steel industry has run down.

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Policy for the dollar

CAN ANYTHING still be done to convince the markets of the existence of a Louvre Accord? From comments this week from Mr James Baker, the US Treasury Secretary, Mr Nigel Lawson, the Chancellor of the Exchequer, and Mr Karl Otto Poehl, the Bundesbank President, it would seem unlikely.

Mr Baker is reported as saying that "he is not going to try to maintain ranges for the dollar at the expense of US monetary policy." Mr Baker is also quoted as believing that "tight monetary policy and rising interest rates contributed to the (stock) market plunge." Nevertheless, the White House explained that "the US remains committed to the Louvre agreement."

Meanwhile, in a Mansion House speech notable for its attack on US fiscal policy (following the previous equally outspoken attack on West German monetary policy), Mr Lawson said that the Group of Seven countries should "take the opportunity to reaffirm the Louvre agreement, making whatever minor - and I stress the word 'minor' - adjustment is necessary in the light of recent events."

Furthermore, he asserted that "the idea that somehow exchange rate stability promoted stock market instability ... is poppycock." Indeed, Mr Lawson argues that "an apparent unwillingness of the US to raise interest rates because of an exaggerated fear that this might tip the economy into recession has led to a collapse on Wall Street, whose recessionary threat is very much greater."

Interest rates

Meanwhile, Mr Poehl is reported as saying that he thinks "it's justifiable to say that the Louvre Accord is still alive." Nevertheless, "over-ambitious commitments to peg certain exchange rate levels or target zones run the risk not only of clashing with domestic monetary objectives, but of collapsing when the markets test them."

One can only wonder what each of these distinguished policy-makers thinks the accord actually is. It should not be concluded, however, from the fact that the agreement appears to have little if any meaning today that it has had no effect. It was the cover for a major effort, almost entirely outside the US, to stabilise exchange rates through unsterilised intervention.

Unfortunately, contrary to Mr Lawson's view, the attempt to stabilise exchange rates did lead to rising interest rates. Interest rates rose in the surplus countries as the inflationary threat posed by open-ended intervention became more significant.

They rose in the US as it became more likely that tight monetary policy would be the only feasible way of reducing the unsustainable external deficit. In the end rising rates of interest simply proved incompatible with declining yields on equities. Mr Baker is not talking "poppycock" on this point.

Even a few weeks ago it was possible to argue that at least the exchange markets were reasonably stable while bond and equity markets were moving wildly, if in opposite directions. That is no longer so. The dollar has lost 5 per cent of its value against the yen and 6 per cent against the D-Mark in just the last two weeks.

The decline no doubt reflects incautious words, Mr Baker's not least, but, more deeply, it reflects a recognition that the claim that adjustment is possible with minor adjustments of existing exchange rates after no more than a cut in the US budget deficit is neither politically credible nor economically plausible.

Managed decline

There are no risk-free paths. A free fall of the dollar may destabilise the financial markets, further postpone the adjustment because of J-curve effects, and exacerbate US protectionism. Equally, a commitment to stabilise at any particular rate would, unless supported by wide-ranging policy changes, risk undermining what little credibility is left to the policy-makers.

For the moment a managed decline is the best option available, the hope being that a rate will be found at which the market's expectation is that the next moves will be up. This is going to be more difficult, however, than even a few weeks ago because of the marked narrowing of the gap between short term interest rates in dollars, yen and D-Mark.

In present circumstances, the policy changes required to manage the exchange rate adjustment fall on West Germany and Japan, both of which could now risk declines in interest rates and further unsterilised intervention. More ambitious attempts at global co-operation must, however, be regarded as off the agenda just now.

The confusing statements of the last week provide one further lesson: when next the emperor orders a coat of international economic co-operation he should make sure that the tailors are at least working on the same garment.

THE EUROTUNNEL PROJECT

By Paul Betts, Andrew Taylor and Richard Tomkins

Peering into a £6bn hole in the ground

IF IT WORKS, it will be a quite remarkable coup. Amid the worst stock market conditions in recent memory, and just days after the BP issue entered the record books as the world's biggest flop, investors are about to be asked to buy £770m worth of shares in a hole in the ground which will certainly not produce a penny of revenue until, at best, 1993.

The company is Eurotunnel, a private sector Anglo-French group; the hole in the ground is the railway tunnel it is building under the Channel; and 1993 is the year in which - God, geology and the construction unions willing - the link will come into operation.

After two years of intensive planning and preparation, it now seems more than ever likely that the dream of a Channel tunnel, born at least two centuries ago, will become a reality. But that cannot yet be taken for granted, for the future of the project hangs on a successful outcome to this month's share offer.

This is not because Eurotunnel particularly needs the money. Most of the £6bn cost of the project will be provided in the form of loans by 198 banks, with by far the largest slug coming, ironically, not from the UK or France, but from Japan.

However, because of the risks involved in lending to a company with no income, the banks have insisted that there should be a tranche of equity funding in place - as the occasionally earthy Mr Alastair Morton, Eurotunnel's UK co-chairman, put it, "to provide some insulation between their bums and the hard floor."

If the shares are not sold, there will therefore be no Eurotunnel. The offer does not begin for another 10 days or so, but with the publication of the draft prospectus this week, it is possible to see what sort of carrot will be dangled before potential investors.

Eurotunnel's shares will be quite unlike any other company's because they will be priced not in relation to present earnings or even forecast revenues, but simply in relation to the amount of money the consortium needs to raise to keep its bankers happy.

If investors are to buy the shares, however, they will require more in return than some vague feeling that they are fostering international goodwill. They will also want a good profit: and to this end, the Eurotunnel consortium has attempted to forecast what that profit will be.

It is an odd picture. For the first seven years, there is nothing but construction costs and debt. But once the tunnel comes into operation in 1993, the tolls begin to flow like water: and with operational costs low in proportion to income, a large proportion of these revenues will flow straight through to dividends. Eurotunnel forecasts that the yield on the issue price will be 16 per cent in 1994, 34 per cent in 1998 and 60 per cent in 2003.

Dividends of that order suggest that the capital value of the shares will rise to bring the yields into line with other investment returns. Eurotunnel calculates that someone looking at the estimated dividend stream over the life of the concession until 2042 will be prepared to pay £24 a share when the dividends start to flow in 1995. That compares with a likely offer price of 350p: so investors might hope to see their shares multiply in value seven times in seven years.

That is a very attractive rate of return. Yet it rests on some heroic assumptions about the chances of completing the tunnel on time and to budget, and about whether the projected traffic flows will live up to expectations.

The tunnel's critics, the most vociferous of which have been British ports and cross channel ferry operators, have pointed to other recent British construction projects which have dramatically run over time, costing many millions of pounds more than planned.

Mr James Sherwood, chairman of the ferry firm Sealink UK, says these include the Humber Bridge which cost £120m (compared with an original price of £19m); the Thames Barrier which cost £461m (£23m); the second Dartford tunnel which cost £45m (£15m) and the UK's tallest office block, the NatWest Tower in the City of London, which cost £115m (£15m).

He says, of ten toll crossings in the UK, only one, the Tay Bridge in Scotland, makes a profit. It costs £7 for every car that crosses the Humber Bridge, claims Mr Sherwood.

The performance of the British construction industry has improved significantly however during the last seven years. A study completed earlier this year by the National Economic Development Office shows that of 25 major construction engineering projects completed since 1981, one scheme was five months late and the rest were completed either within time or quickly enough to satisfy the client. Eight schemes were completed ahead of schedule and six under budget.

Flexilink, the British consortium of ferry companies, ports, environmentalists and local councils opposing the Channel, prefers to compare the construction of the Channel tunnel with the problems faced in building the Dartford tunnel and the Seikan rail tunnel, which connects Hokkaido to the mainland of northern Japan.

The Seikan tunnel, which Flexilink says has still to be completed, is already seven years late and £1bn over budget. But Eurotunnel argues that this has been driven through extremely difficult fissured ground, and that the second Dartford crossing had to contend with waterlogged terrain.

The Channel tunnel will pass through chalk marl, which Eurotunnel says is an ideal medium: soft enough to cut yet dense enough to maintain the shape of the hole while concrete liners are put in place by large hydraulic rams. The most difficult section will be the fissured ground which occurs for about 4km on the French side of the 50km tunnel as it surfaces through younger deposits of upper chalk.

Warburg Securities, lead broker to this month's share issue, says the real problem is not the geology of the job - modern tunnel boring machines are capable of dealing with fractures, fissures and flooded ground - but the logistics of pulling together such a massive operation.

Flexilink says the biggest problem will be designing the rolling stock and sophisticated electronic signalling and control systems which will go into the tunnel. None of this involves developing new technology; none the less opponents of the scheme claim design work is already three months behind schedule.

This poses the question of whether Eurotunnel and Transmanche Link, the team of five British and five French contractors which will build the tunnel, have the management strength to contend with building and operating such a huge project.

One of Flexilink's criticisms is that contractors which are also founder shareholders of Eurotunnel wield too much influence over the project and may not perform to the benefit of other shareholders.

A letter by Mr Pierre-Durand Rival, Eurotunnel's chief executive, sent earlier this summer to Transmanche Link, criticising the contractors for delays, inefficiency and failing to comply with contract obligations might have been expected to increase doubts about the project.

Instead the letter has been regarded in the City as evidence that Eurotunnel's management, particularly the British management which has had its problems, is resilient enough to take on its contractors.

Investors prepared to face the construction risks the tunnel poses must also assess the commercial prospects of the project once it opens.

Eurotunnel is forecasting that when the tunnel opens in 1993 it will capture around 44 per cent of cross Channel passenger traffic and 17 per cent of freight traffic.

It forecasts that between 1985 and 2003 the number of passenger journeys across the Channel, by tunnel, sea and air will double. It expects cross-Channel freight tonnage to have risen from 60m tonnes to 123m tonnes.

Flexilink argues that Eurotunnel's revenue forecasts are too high and take no account of the ability of ferries to cut fares. It also predicts that overall traffic will increase at nowhere near the rate the tunnellers are forecasting.

According to one London manager of a Japanese bank which is supporting the project: "The only thing you can be sure of is that none of the traffic forecasts are likely to be right. But if you drive down to Dover and see the queues of cars and lorries waiting for a ferry to cross the Channel, you are either impressed or you are not. We were impressed."

In the end, of course, no one can be certain just how profitable the tunnel will be. The eventual response to the share offer could therefore be a matter of sentiment as much as anything else: and in this respect, feelings vary according to which side of the Channel you are on.

In Britain, the political will has been strong but the City has always been somewhat sniffy towards the project. When a private placing of shares was held among institutional investors last year to get Eurotunnel off the ground, the French responded warmly but the British had to be given a severe prod by the Bank of England before they would take up their allotment.

Again, in the £5bn loan financing completed this week, British banks were fourth down the list of contributors behind Japan, France and West Germany. They contributed only £469m to the project compared with France's £898m.

The French have been all along been more enthusiastic about the venture. For them, the construction of the tunnel has never been a worry. The big problems were associated with the political risks, which have been resolved with the ratification of the tunnel treaty between Britain and France.

One reason why attitudes in France are different is that in Paris, the tunnel is seen as just one component - albeit a crucial one - in a new European high speed rail network which will link not only Paris and London, but also the two capitals to other European cities.

Building the tunnel will cost considerably less than creating this new rail network. Further, the incorporation of the tunnel into this wider plan gives the tunnel a broader European dimension which the French feel has not always been fully grasped on the opposite side of the Channel.

Mr Andre Benard, Eurotunnel's French co-chairman, argued this week that, even if the financial environment for the offer could be better, the general economic outlook was favourable for the tunnel, because construction would be undertaken at a time when inflation and interest rates were low. The project was also likely to help regenerate growth in northern Europe at a time of sluggish growth.

If France's enthusiasm for the tunnel is not matched by Britain's, is it then likely that the share offer - and therefore the project - will fail for want of Britain's support? Probably not, and for two reasons.

First, City institutional investors alone will not determine the outcome of the UK offer. Eurotunnel is hedging its bets by offering strong incentives for private investors to apply.

Travel perks will range from one low-cost return trip for a car-load of passengers for every £350 worth of shares bought, to unlimited low-cost return trips (until the year 2042) for the buyer of 1,500 shares. Since each return trip is worth £50 or more at today's prices, these incentives are likely to prove attractive.

Second, although the £770m share offer will be split evenly between London and Paris, there will be a provision for a surfeit of applications on one side of the Channel to be used to make up a shortage on the other. If the British offer is undersubscribed while the French offer proves popular, therefore, the French will get more shares.

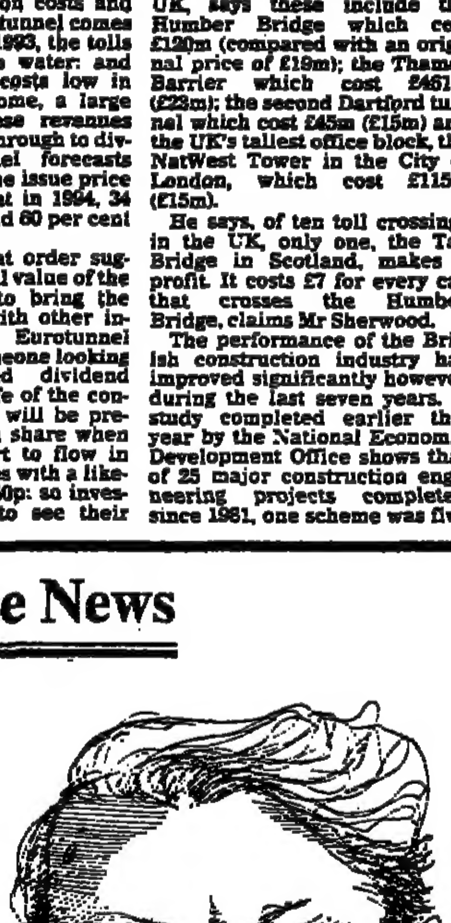
An unbalanced ownership like that might appear uncomfortable to those who note that up till now, Eurotunnel has been a 50-50 venture in almost every respect. But since there will be no restrictions on the nationality of shareholders in the after-market, the ownership of the tunnel will in any case be up for grabs.

Man in the News

Boris Yeltsin

A rebel caught in the Moscow cobwebs

By Patrick Cockburn



THE THREATENED resignation of Boris Yeltsin, leader of the Moscow City Communist Party and the most radical member of the Soviet leadership, is the first real political crisis for Mikhail Gorbachev's programme of *perestroika*.

Muscovites, among whom Mr Yeltsin is extremely popular, are waiting to see if he survives a meeting of the city party on Monday. Even if he does, they fear his political wings will be clipped because of his outburst at last month's meeting of Soviet Communist Party Central Committee, when he threatened to resign in frustration at bureaucratic sabotage of reforms in Moscow.

It was the first time that divisions within the leadership over change in Soviet society had surfaced publicly. The danger for Mr Yeltsin is that his speech to the Central Committee was too radical not only for Yegor Ligachev, guardian of orthodoxy within the Politburo, but also for Mr Gorbachev himself.

The General Secretary is evidently angry at the Moscow city leader for raising the political temperature by attacking Mr Ligachev. But if he abandons Mr Yeltsin, his most radical follower, this will be seen as a sign that radical *perestroika* is on the wane.

The fate of Mr Yeltsin is being taken as a barometer of the relative balance at the top between radicals and conservatives. Head of the Moscow party, the largest in the Soviet Union, he has been described as "a critic of the bureaucracy in the world's most bureaucratic city."

His anti-bureaucratic instincts were certainly known to the leadership when, soon after Mr Gorbachev came to power in March 1985, Mr Yeltsin was transferred to the Central Committee secretariat. He was previously regional party leader in the industrial city of Sverdlovsk in the Urals. But the Kremlin probably did not know the degree to which he tended to shoot from the hip.

Born in 1931, Mr Yeltsin trained as a construction engineer and then rose via the directorship of a factory making prefabricated housing in Sverdlovsk to his regional party post in 1976.

His most important promotion came at the end of 1985 when Victor Grishin, long-time leader in Moscow and a powerful member of the Politburo, was suddenly removed. Mr Yeltsin was appointed in his place and given the task of cleaning up the city administration which, even by the standards of the late Brezhnev era, had become notorious for corruption and incompetence.

Soon after taking over from Mr Grishin, Mr Yeltsin made the most radical speech at the 27th party congress in February 1986, asking delegates: "Why, after so many years, have we not succeeded in tearing out of our life the roots of bureaucracy, social injustice and abuses." He described Moscow as having a stagnant economy, bad public transport, inadequate shopping centres and poor health care.

The same speech also established his reputation for asking uncomfortable questions about responsibility for past abuses: "What are the reasons for this? Who is guilty? And who if not us - the members of the Central Committee?"

Certainly, the problems he faced in Moscow were as bad as in any city in the Soviet Union - and on a larger scale. Services were inadequate for the capital's 8.7m population and were further overburdened by 2m to 3m daily visitors.

Mr Yeltsin outlined the problems to a meeting in the capital in April 1986. He said the population was a million more than anticipated and 2.5m people needed housing. Some 800 store directors had been arrested for corruption, said Mr Yeltsin, adding that "we dig and dig but we still don't get to the bottom of this filthy well."

Such breast beating is not unknown among newly appointed Soviet leaders, who tend to dwell on the Augean stables they have inherited; but Mr Yeltsin's criticisms went further and were personal. He closed a special shop which sold consumer durables to the elite: "I think this is useful in order that officials of the Moscow city party committee become more sensitive to shortages." A factory director was denounced for having his own dining room "even down to a sky-blue lavatory."

All this was good populist stuff and it had particular bite because Mr Yeltsin, in contrast to most of the rest of the Politburo (of which he is a non-voting member), laid blame for the snail's pace of reform squarely on party institutions. Speaking of Komsomol, the Communist youth organisation with 42m members, he said it was effectively moribund, "overgrown by bureaucratic moss, cobwebs, trite phrases, instructions, papers."

As well as travelling to and from work on public transport, Mr Yeltsin visited decaying suburbs where no party official had been for years. The result was often explosive. Moskovskaya Pravda, a daily controlled by the Moscow party, reported a visit by him to Sevastopol Rayon in August: "Go down to our basements," people shouted from the balconies, "and you'll be knee deep in stinking sludge. The sewage pipes burst ages ago. The rooves are leaking everywhere and no one cares about us!"

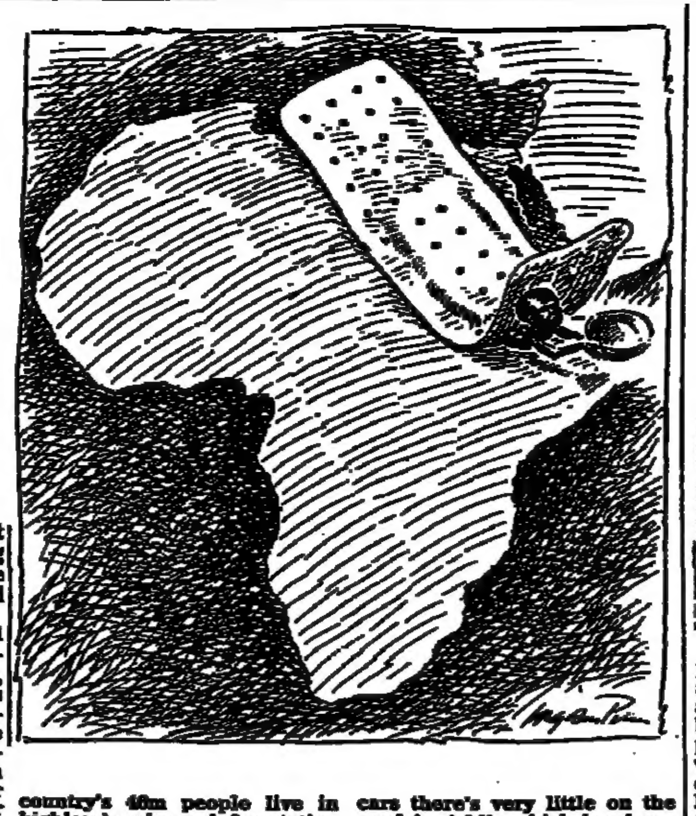
Mr Yeltsin did his best to show he did care by improving transport and health care, but food supplies to the capital got no better. He blamed the bureaucracy for sabotaging his projects and, at the October 21 Central Committee meeting, is said to have carried the attack further by accusing Mr Ligachev of thwarting change.

His weakness is that, despite his eloquence and populist radicalism, he has no strategy to convert moribund state and party institutions into politically active organisations. Mr Yeltsin, rather like Nikita Khrushchev, the former Soviet leader, is better at seeing what is wrong and denouncing it than he is at working out an agenda for change.

The problem both Mr Yeltsin and Mr Gorbachev face is that the party is the main instrument of reform, but badly needs reforming itself. Mr Gorbachev has no choice but to use the bureaucracy to transform itself - and this explains his hostile reaction to a forthright attack upon it.

Chronically dependent on food aid, Ethiopia is hungry again. **Victor Mallet** reports on the politics of a recurrent crisis

Band aid that failed to stop the bleeding



ETHIOPIA will need food aid again next year, perhaps 1m tonnes, probably more: if it does not arrive, Ethiopians will starve to death, as they did in their hundreds of thousands in the famine of 1984 and 1985.

On this occasion, it looks as if the vital supplies will come in time, mostly from the US and the European Community (EC) - so the world should be spared the televised deaths of emaciated children.

But donor governments, the United Nations (UN) and 60-plus private charities and church organisations working in Ethiopia once again have their hands full. They are struggling with the inadequate ports of Assab and Massawa and with the distribution of food by truck and aeroplane to Ethiopia's inaccessible highlands.

At the back of everyone's mind is the nagging question: when will it end? Ethiopia's increasing dependence on foreign help has brought to a head arguments over the value and aims of western economic aid to Africa and to the rest of the Third World.

The country's food shortage is so severe that the imports likely to be required in the next decade threaten to overwhelm its underdeveloped transport network. Even in a good year, food crop production falls far short of demand of around 7.4m tonnes. In the 1987/88 season, starting now, a drought has severely reduced crop yields; Ethiopia could require as much as 1.2m tonnes of food aid next year, equal to the amount distributed in the massive 1984/85 relief operation.

Both the donor community and the Marxist regime of President Mengistu Haile Mariam, which came to power with the overthrow of Emperor Haile Selassie in 1974, agree that Ethiopia needs to increase its food production. There agreement ends.

Against the advice of the west and against the trend in Africa, China and the Soviet Union, Ethiopia's rulers are trying to impose collectivist farming policies on the conservative peasantry who make up the bulk of the population - with little success.

Donors are in a dilemma: most agree that there is no point providing emergency assistance without long-term development aid; but they do not want to throw their money away on policies which they believe to be ineffective as well as ideologically unpleasant.

"It's not capitalism versus communism. It's really an issue of whether to follow Stalin or Gorbachev," says James Cheek, the US charge d'affaires in Addis Ababa. He prefers Gorbachev.

"We don't like being caught in permanent hand-outs... Ethiopia has a structural food deficit that is increasing every year and has nothing to do with the weather," he says. Ethiopia is the odd one out in the world community when it comes to agricultural reform, Mr Cheek adds. "You can't carry uniqueness to the point of famine or death."

Even the Swedes, who are seen as among the most generous and politically liberal donors in Africa, are throwing up their hands in despair at Ethiopian agricultural policies and at "villagisation".

Under this plan, the entire rural population - numbering more than 30m - is supposed to be relocated in centralised villages. The theory is that the provision of services to these villages will be simplified. About 6m people have already been "villagised" - neat rows of homes replacing scattered communities.

In practice, however, the state has been slow to provide the new villages with the promised benefits of centralisation. Many farmers simply find themselves having to walk further to get to fields around their old houses. Critics of the policy suspect that it is intended to tighten the government's political control and to further plans to collectivise farming. But there is little evidence that collective farming - in the form of state farms and co-operatives - perform better than peasant agriculture. Although they make up only about seven per cent of the farming sector, collective farms receive 80 per cent of rural credit and fertilisers.

Bo Stenson, head of the local mission of the Swedish International Development Agency, points to the millions of dollars his country has poured into agricultural development in the Arsi region south of Addis Ababa. "Up till 1980, the production in Arsi was roughly doubled per hectare during a 13 to 14-year period. It made Arsi into one of the country's great surplus producing areas. But for the last seven years or so the production has been stagnating, and we feel it's because of these policies... It's a tragedy."

Like other donors, Sweden is now expected to concentrate on what are known as "policy-neutral" programmes - ones less likely to be influenced by official ideology - dealing with soil erosion, health and education. The European Community and the World Bank are spearheading an attempt by western donors to persuade the Government to change direction. They want increased producer prices, a liberalisation of the grain market, improved farm inputs, training and research, and other incentives for peasant farmers.

An agreement along these lines, signed in March 1986, would release ECU230m (£150m) for Ethiopia from the EC; but the Government has yet to implement its side of the bargain, despite the enthusiasm of middle-level bureaucrats for agricultural reform.

Credit to farmers is one ingredient of the World Bank recipe; the population is among the poorest in the world, with an annual per capita gross national product of about $110, half the average for low income countries in sub-Saharan Africa.

Rainfall is notoriously erratic, locust swarms can damage crops and farming is extraordinarily backward. Only 2 per cent of peasant farmers use improved seeds, only 7 per cent use fertiliser. Nine tenths of the country's 46m people live in highlands where deforestation and soil erosion have devastated much of the land. About 70 per cent of Ethiopians are thought to live more than half a day's walk from an all-weather road.

"The plough they are using here is 2,000 years old," says Michael Priestley, resident UN co-ordinator in Addis Ababa. "They were the first in Africa to have the plough and there hasn't been much technological progress since."

Aid money does not flow easily to Ethiopia. Mr Mengistu's authoritarian regime has a dismal human rights record, and it spends much of its money buying Soviet weapons to fight secessionist rebels instead of buying food.

Prior to the villagisation programme, there was a policy of moving peasants from the over-crowded and exhausted soils of the northern highlands to land further south - which most donors agreed was necessary. But it was carried out with such callousness and lack of planning that a storm of protest caused its suspension two years ago: about 600,000 people had been moved and thousands were said to have died in transit. It was the brutal implementation rather than the principle of resettlement which was attacked by most western donors.

Resettlement is expected to resume soon but, despite the poor condition of the land in the north, few peasants volunteer to leave their homes.

Like other African capitals, Addis Ababa has a micro-economy created to a large extent by foreign aid. "When it comes to cars there's very little on the road in Addis which has been paid for by the Ethiopian economy," says one aid worker. A senior employee of one of the numerous private charities working in Ethiopia notes that development aid amounts to only about $10 per person each year, compared to $70 for neighbouring Somalia. But he remains sceptical about the benefits of long-term assistance, although Ethiopia has the administrative and technical skills which many African countries lack.

During the last famine there was a surge in funding for non-governmental organisations working in Ethiopia, leading in some cases to lax financial controls and project evaluation. Some money was embezzled by field staff.

"1984/85 passed in a blur with vastly increased resources and enormous pressures from the donors that we be seen to be implementing things," says the aid worker.

"The cry went up that there must be development to stop this happening again. It was naive... there doesn't seem to be any correlation in the level of development assistance to African countries and their success in getting their economies moving or improving food security. We need to look critically at development aid."

Not everyone is quite so pessimistic, but even if the Government radically alters its agricultural policies - a gradual compromise is more likely - it will take several years before development aid takes effect and Ethiopia becomes self-sufficient in food.

Italians vote this weekend in referendums on nuclear power and the legal system. **John Wyles** reports

A democratic riddle at the ballot box

THERE IS nothing facile about democracy in Italy. Forty five millions Italians are being summoned tomorrow and on Monday to their fifth referendum since 1974 to confront questions such as: "Do you wish to abrogate articles 55, 56 and 74 of the civil code of procedure approved by decree no.1443 of 28 October 1940."

Little wonder that during the past week Italian newspapers and television have commendably sought to take the citizen by the hand and carefully explain the meaning of a yes or no vote to the five questions couched in such impenetrable legalese. Unfortunately, polls suggest that even with the benefit of a translation into plain language, millions of Italians remain confused about what they are voting for and why.

It is possible that a majority may now have grasped that three of tomorrow's questions have to do with Italy's involvement in nuclear power and one with a citizen's right of redress for errors committed by magistrates and judges. The fifth and least controversial, will determine whether or not a parliamentary committee for enquiring into the wrongdoings of politicians is jettisoned.

With political parties commanding more than 90pc of the popular vote calling for yes majorities on four of the five questions, there is a strong likelihood that history will be made and some laws struck down for the first time since the referendum was introduced in Italy in 1970.

These popular consultations can only confirm or expunge existing laws and in the past they have taken some heat out of Italian politics by ratifying controversial legislation on divorce and abortion.

Then the choices were clear cut. But this time, the points at issue are so technical that Italians just cannot know how their world will be changed if the laws affecting the magistracy and nuclear power are struck down. The only certainty is that the governing coalition could suffer serious internal damage trying to agree on how to replace legislation removed by the referendum.

Such controversy as there has been in a ghostly campaign has centred on the magistracy. A yes majority would remove the currently minute scope for a citizen to press a successful complaint of gross negligence and malice aforethought against an abuse of judicial power.

This referendum was promoted by Mr Bettino Craxi's Socialists, together with the Liberals and Radicals, and is set to fulfill Mr Craxi's ambition to prod Parliament into reforming the judiciary. Among other things, the former prime minister says he wants citizens to be able to secure financial damages if they can establish "serious blame" for damage they have suffered through, for example, wrongful arrest and imprisonment. Until now, magistrates have rarely convicted each other of "grave negligence".

The nuclear questions were promoted by a coalition of ecologists and extreme left parties on the back of the Chernobyl disaster. But the referendum is not, and cannot be, a vote on the principle of nuclear power.

The effect of passing two of the three questions would be to make political agreement on siting and building a nuclear power station even more difficult to achieve than it is already. The third would end Italian participation in the Superphoenix high-speed reactor project in France.

Inevitably, many Italians are asking with some irritation why they are being required to vote if, at the end of it all, the politicians will still have to stitch together agreements on nuclear power and reform of the magistracy.

The question is posed with burning vigour by the magistracy itself which feels it is being held publicly and unfairly responsible for the appalling shortcomings of a legal system which, for example, cannot bring cases to a conclusion on average in less than nine years. This and other aspects have been criticised by the European Court of Human Rights. Reform has been continually discussed for years and continually neglected.

Some ardent legal reformers are urging a no vote on the grounds that the referendum is a dangerous attempt to limit the independence of the judiciary and will do nothing to bring about the top to bottom reform which is needed.

So who is responsible for a popular vote which will neither affirm a major policy nor necessarily bring about change? Though obviously a collective failure of the political parties, those concerned to allocate blame are pointing at the commanding figure of Mr Craxi.

This weekend's poll would not be taking place if Mr Craxi had not insisted on it in his self-styled role of the champion of "popular democracy". Normally a referendum cannot be held in the same year as a general election and Italy had one in June. His price for Socialist participation in the present government led by the Christian Democrat, Mr Giovanni Goria, was the swift passage in September of a law enabling the referendum to go ahead.

Having had a good election in June, when his party's vote jumped from 11.4pc to 14.3pc, Mr Craxi sees the referendum as a promising vehicle for further strengthening his position in relation to the Communists, opposing him from the left, and the Christian Democrats, partners in government and rivals for the middle ground. He concluded a long time ago that there was a popular majority to be exploited on the referendum questions and has predicted a deluge of yes votes.

Both the Communists and the Christian Democrats have provided flattering confirmation of this early judgement by deciding to join Mr Craxi in campaigning for yes majorities (though the Christian Democrats are urging a no on withdrawal from Superphoenix) despite considerable internal dissension. Of the coalition parties, only the tiny Republicans are urging a no vote on all questions.

On any reckoning Mr Craxi should be confident of "his" victory - except for two niggling points. One is that the only campaigning worthy of the name has been by an ad hoc, but multi-party, group in favour of retaining the legal status-quo on the magistracy. The other is Italians' past reluctance to overturn existing laws by referendum. The question is: if the yes majorities are less than 80pc will Mr Craxi have won or lost?

Letters to the Editor

Nuclear power

From Mr Paul de Zyiva

Sir, The CBI took a short step in the right direction by inviting a representative of an environmental group (Mr David Puttnam) to speak at their annual conference.

Sadly, they chose to avoid their environmental responsibilities in favour of financial gain, forgetting that many industries are succeeding with ecologically benign projects.

Myopia really set in when it came to discussion of the nuclear issue. The latest declaration of faith is a call for yet another publicity campaign - this time to overcome the "image, not safety" problem afflicting the nuclear industry. Surely the two are related and in order to sway public opinion the safety issues must be resolved. I doubt that this is possible.

Regular accidents and emissions demonstrate the safety problem but since the CBI dismisses these as "emotional", perhaps they will act responsibly when economic points are examined.

Mr Lewis Davies (Courtaulds) says that "British industry would be hit" if nuclear power is not encouraged. Is he aware that our efficient nuclear industry contributes less than 40 per cent of energy used (about 18 per cent of electricity) and that during the coldest week of last winter, when there was record electricity demand, more than a third of the CEGB's reactors were out of action?

The industry has been "encouraged" by successive Governments for over 30 years with seemingly unlimited funds (£5.5bn on research alone). It is one thing for delegates to support nuclear power when the Government pays but it will be quite another to maintain this when they are asked to demonstrate complete faith by putting money where their mouths are. This assumes that the Government will also show faith by privatising the nuclear element along with the rest of the industry.

Paul de Zyiva,
Clovelly,
17 Bidhurst Road,
South Croydon, Surrey

Successful theatre

From Mr Glen Wellman

Sir, I read with interest Michael Coveney's reprise of the subsidised theatre's special pleading that it should continue to enjoy the luxury of ignoring the economics of its art.

Apart from pointing out his chop-logic in claiming that, while The Royal Exchange's 85 per cent occupancy is a sign of its artistic success, Leicester's below 50 per cent occupancy should not be interpreted as failure, I would specifically like to comment on the Royal Exchange Theatre, of which I have some personal experience.

Your correspondent is right to praise the very high quality of much of their work, which embraces "difficult" pieces and is quite up to the standards of the national companies. Yet it is almost impossible to see. I travel to Manchester several times a year, often at fairly short notice. I have found that, having read enthusiastic reviews, four times out of five the production is sold out for most performances of what is normally a very limited run. There is clearly unsatisfied demand, yet the management of the Company will not recognise this commercial reality.

There seem to be several causes, one of which is the pathetically small capacity of the auditorium. I do not know how many seats it contains, but the "in the round" format has given a space which feels little bigger than the workshop spaces of the London theatres. This is too small for a serious provincial company, but they are stuck with their original decision to work within the Royal Exchange, a quite inappropriate buiding for the purpose.

There are, however, policies which the Company can control. Why is the programming so inflexible that successful productions cannot be extended or brought back for a second run? Why are there no London transfers? Why are productions not toured or exchanged with other provincial theatres? Why are the top-priced seats so cheap, when the local middle class audiences who fill them could clearly afford and should be willing to pay more? Until such questions are unanswered, I see no reason why more public money should be granted to support so many new productions annually.

I should point out that I am not merely a metropolitan misanthrope, but grew up near Manchester. My first theatrical experiences came from the modest, but not therefore to be despised, efforts of the Library Theatre and later the University Theatre, supplemented by touring productions. These institutions were expressions of civic pride, locally funded and well supported. They were not outgrowths of the patronising desire to civilise the provinces which led to the indescriminate expansion of subsidised provincial theatre during the 1960s.

Local theatre is like local government. It is ultimately impossible to reconcile central funding with local control. The sooner all parties recognise this and accept the devolution of responsibility for both functions to the local community, the sooner we shall be spared the unseemly sight of the arts establishment rattling their begging bowls in public. If the people of Leicester have no desire to support a serious theatre, so be it.

Glen Wellman,
150 Court Lane,
Dulwich, SE21.

Gas prices

From the Director of Energy Advice

Sir, In Maurice Samuelson's report (November 3) on the possible investigation by the Office of Fair Trading into the pricing policies of British Gas, Mr Peter Harris of the Energy Information Centre is quoted as stating that "the prices (of gas) in Germany and other parts of Europe were based only on net calorific value," compared with gross calorific value in the United Kingdom.

According to information regularly provided to us since 1979 by leading gas suppliers in Belgium, France, Italy, the Netherlands and West Germany, gas prices in these countries are calculated on a gross calorific value basis. The price of about 22p per therm on the Continent, quoted in the same report by Mr Blakey of the British Independent Steel Producers Association, is thus correct and, unfortunately for British industry, fully comparable with the British Gas price of 31p per therm.

Sam Eadie,
4 Chemin des Trois-Rois,
CH-1002 Lausanne.

Radio frequencies

From Mr P. T. Walker

Sir, I doubt whether any other Western European broadcasting service treats its listeners with the same contempt as the BBC.

They propose to broadcast Radio 4 on VHF only - too bad for all those people who cannot receive VHF clearly or at all. Too bad also for the thousands of expatriates (of whom I was recently one) living in Belgium, Holland, Germany and France who value listening to Radio 4 on long wave. With long wave obtainable in most of north west Europe, there is also a large foreign audience studying or improving its English. The World Service, with its different style and content, is not the same at all.

The plan to reduce the number of frequencies for Radio 3 shows similar contempt for its audience. Here again, not everyone can receive VHF, so pity the poor Radio 3 medium wave listeners who do not like cricket. There is little enough classical music broadcast as it is, without the BBC's plans to increase the number of "educational programmes". They appear to have similar plans to alter the content of Radio 4 to fit in with what they think is good for us, or rather, what they think we should have.

There is already an abundant supply of mindless trivia available on Radio 1, Radio 2 (both enjoying several frequencies on medium wave and VHF) and the local stations. The reduction in frequencies and changes in content planned for Radio 3 and Radio 4 are a reflection of our own, and the BBC's, intellectual decline which I find extremely depressing.

P. T. Walker,
2 Ashcroft Rise,
Coulsdon, Surrey

Force majeure clauses

From Mr Anthony Herbert

Sir, Regarding Clare Pearson's article on force majeure clauses in the euro-markets:

Firstly, it is not right that such a clause can only be activated up to the point of signature of the subscription agreement. (The clause is contained in the subscription agreement and the very concept of activating a clause before the agreement in which it appears is signed is a strange one). In fact the normal clause can be activated up to the closing of the issue, namely the time at which payment is made to the issuer.

Secondly, although the format of these clauses may as a matter of detail and drafting "vary widely", the substantive effect has over many years shown remarkably little change. The normal euro-market clause tends to cover events and changes which would be "likely to prejudice materially the success of the offering" - wording with a lot of precedent behind it, but not a lot of experience of its application.

Thirdly, quite different questions arise on whether an issue can or should be withdrawn after launch but before the legal documents are signed. These questions revolve around the nature of whatever informal commitments may have been given - as to which there is a distinct lack of uniformity.

Anthony Herbert,
Allen & Overy,
9 Cheapside, EC2

Housing policy, property-based taxes, and how to pay for local services

From Mr P Mickelborough

Sir, Your editorial of October 29 on housing policy makes certain premises which cannot go unchallenged.

Your statement that rates are the only tax linked to property values is not true in the south of England, when the house will contribute considerably to inheritance tax liabilities. I would be astonished if the tax paid on the death of a house owner were not substantially greater than the total mortgage tax relief during his lifetime. In which case mortgage tax relief is a very unprofitable postponement of tax rather than a subsidy, when compared with renting.

You do not say why tax liabilities should be proportional to income. The local supermarket takes no account of my income or wealth when charging me for a loaf of bread, so why should the local council consider these factors when charging for street lighting and emptying the dustbin outside my door? I have to eat just as I require shelter.

No employer has ever said to me "Choose the house you wish to live in, and I will give you the salary to buy it" - unfortunately. Rather, I have an income and I have bought what I can afford. House prices are determined by the ability to pay; that is by salary levels and the capital growth of existing properties. Wage inflation may have caused house price inflation; the opposite certainly is not true.

I have not read what Mr John Muellbauer argued in the latest Lloyds Bank Review, but I know that the Inland Revenue ought to be capable of doing many things that it cannot. And, if it were to reveal confidential tax codes to every county, district and parish council even our 3m unemployed would not provide sufficient staff to collect a local income tax.

A local tax probably is necessary, to pay for local services. That this tax should be property-linked is logical because local services are largely property-based. There are many other services which may best be controlled and managed locally, such as education, relief of poverty, health provision, but these are national responsibilities and should be funded by the country as a whole.

As you comment, people walk and houses do not, so let's have a household based tax. Let's base it on the utilisation of housing resources and requirements. And let's use it only to fund truly local services, and set the level accordingly.

P Mickelborough,
39 Kingsbury Street,
Marlborough,
Wilts.

Henderson Admin. ups profits 16% to £15m

By Philip Coggan

Henderson Administration, fund management group, had a good first half to the year, increasing pre-tax profits by 16 per cent fro £13.04m to £15.16m - but its interim figures cover the six months to September 30, before the recent stock market crash.

Since then, as Mr John Henderson, the group's chairman, said "world markets have been in disarray and should these lower market levels persist, it will inevitably have a considerable impact upon profits in the second half of the year".

Funds under management reached £9.57m at September 30, 36 per cent higher than at the end of the last financial year, but the company warned that this level has been "significantly affected" by recent market movements.

About £1.25bn of the first half funds increase came from new pension funds under management and the total was also boosted by unit sales, including the successful launch on a new trust, the "Spirit of the East".

Pension funds comprised £5.68bn of the funds under management at September 30, with a further £2.43m representing unit funds and £1.08bn investment trusts. Mr Benjamin Wrey, the deputy chairman, said yesterday that unit redemptions had increased since the crash, but not by a substantial amount.

Mr Wrey said that the group would attempt to cope with the stock market fall-off by examining ways of reducing its costs. Operating expenses more than doubled in the first half to £20.05m, although this included substantial one-off costs.

Operating profit was £12.19m (£11.2m) and interest receivable increased to £3.28m (£1.95m). After interest payable of £315,000 (£98,000) and tax of £5.62m (£4.98m) earnings per share were 45.8p (38.9p). The interim dividend is being increased to 7p (6p).

•comment

Fund managers have had several good years; but Nemesis has arrived in the shape of the stock market crash rendering these figures largely irrelevant. Henderson has traditionally been biased towards equities which has served it well in the past. But the gearing effect means that its share price has fallen even faster than the FT All-Share since Black Monday. The whole fund management sector has suffered; all that companies like Henderson can do is cut costs and pray for an upturn. Profits will still occur in the second half - fees are tied to the overall level of funds under management not to the portfolio's short-term performance - but they obviously will be reduced. But forecasting what the full year figure will be relies on forecasting where the markets will be in March; a pastime only for the extremely brave or foolhardy at the moment.

Globe Inv. net assets fell 25% during October

By Nikki Tait

Globe Investment Trust, Britain's largest investment trust, yesterday reported a 25 per cent drop in net asset value between end-September and end-October - the period in which stockmarkets started their bear run.

On a fully-diluted basis, net assets per share stood at 174.08p on October 31, compared with 232.25p a month earlier. The total value of the fund dropped below £1bn. The performance is marginally better than the FT-All Share Index, which tumbled by 26.6 per cent.

Globe is fairly heavily invested in the UK markets, and gains some cushioning by having a fair number of unquoted stocks in the portfolio.

SYSTEMS DESIGNERS is paying £800,000 for Darling & Associates, a Massachusettes based specialist provider of microcomputer software and consulting services to the financial services industry.

LODGE CARE is buying two nursing homes in Lincolnshire for £2.33m cash. The homes are registered for a total of 106 residents and both are running at high levels of occupancy. Their profit should exceed £150,000 annually after finance charges.

KEYSTONE Investment Company lifted net revenue from £786,560 to £858,402 giving earnings per 50p ordinary share of 3.99p (3.48p). Final dividend of 4p (3.5p), making 6p (5.5p adjusted) for the year.

BP stays calm on reports of Kuwaiti stake build-up

BY MAX WILKINSON, RESOURCES EDITOR

British Petroleum yesterday refused to be ruffled by a persistent market report that the Kuwait Investment Office has about 15 per cent of the new issue of shares offered by the Government.

Although there was no official confirmation yesterday - and the KIO declined to comment - there was general acceptance in the market and in official circles that the purchase had been made.

BP executives and officials appeared to be fairly relaxed about the sale which is thought to give the KOI about 4.9 per cent of the company, just less than the minimum which requires disclosure.

As one official said:"This means they have 95.1 per cent to go if they want to own BP". The view in Whitehall was that the purchase was more of a speculative investment than the start of an attempt by the Kuwaiti Government to gain a major shareholding in Britain's largest company.

The KOI is independent of the Kuwait Petroleum Company, which has been making a determined and successful effort in recent years to expand its refining and petroleum marketing efforts in Europe.

However, although the Kuwait Petroleum Company was regarded with some suspicion by established oil companies a few years ago, it is now accepted within the industry that it has "played by the rules", and not used the strength of its backing by the oil-rich state for disruptive or predatory purposes. The Kuwait Investment Office, also state-owned, has built up substantial stakes in a number of Britain's larger companies, but has appeared to regard them as strictly investments rather than as a means to gaining control.

BP's partly paid new issue shares closed yesterday at 8½p above the Bank of England's guaranteed purchase price of 70 p per share . The fully paid shares closed at 246.

Northern Foods in £22m deal

BY LISA WOOD

Northern Foods, dairy and food group, is to buy Falconis, a south-east England specialist bread manufacturer, for £22m cash.

The consideration could be increased to £27m depending on future profits over the next five years.

Falconis, founded in 1970 by Mr Pierco Scacco, a former chef at the Savoy, makes specialist short-life products such as French bread for customers including Marks and Spencer and Trust House Forte. Its brand name is PanificioItaliano.

Falconis' sales and profits attributable to on-going businesses amounted to £30m and £2m respectively in the year to 30 June 1987. Net tangible assets at that date were £2.4m.Mr Scacco, the chairman of Falconis, will continue to run the acquired business.

Mr Christopher Haskins, chairman and chief executive of Northern Foods, said that his group was involved in a number of specialist quality food areas including cakes, meat products and dairy products but the one food area in which it was not represented was bread.

Mr Haskins said:" We did not want to be involved in the plant bread business. People are eating more bread and in particular quality breads."

Northern Foods, which announced pre-tax profits of £75.2m for the year to March 31st 1987, an increase of £7.8m on the previous year, has a negligible gearing.

William Low ahead by 12%

DESPITE BEING involved in its largest-ever store opening programme, the William Low supermarket group lifted its operating profit by 22 per cent and its pre-tax profit by 12 per cent in the year ended September 5 1987.

Mr Christopher Blake, chairman, said the operating profit reached £9m reflecting, in particular, a strong performance from the newer units which were of a size to offer the full range of facilities.

The pre-tax balance came to £8.12m (£7.26m) after significantly higher interest of £1.24m (£160,000) and a gain on asset sales of £352,000 (£16,000). The interest charge was shown after capitalising £1.27m (£667,000) on borrowings incurred to finance development.

Earnings came through at 45.71p (38.94p) and the final dividend is 10p for a total of 15p (13.5p).

Mr Blake said benefits from new investment were coming through in the current year and the group was pressing ahead with further developments scheduled broadly to repeat last year's increase in capacity. Borrowings at the end of the year were nearly £27m.

Seven branches were opened last year, adding 106,000 sq ft of selling area. Total turnover improved 6 per cent to £247.28m, and that went up to 8 per cent after adjusting for the sale of Lowfreeze to Bejam in June.

On a like-for-like basis sales rose by 5.5 per cent in value and 3 per cent in volume, demonstrating the continued strength of the core business.

The chairman said the main target area for expansion continued to be in the north of England. At the same time the business in Scotland was being further strengthened. The group's store profile was changing rapidly as it moved away from the traditional high street shop to the type of supermarket expected by the public.

•comment

Low yesterday declared itself to be at ease with its borrowings but not all shareholders will feel so comfortable. Following the heavy expansion programme of the last year, gearing is at 65 per cent and could be another 10 percentage points higher by this year-end. Both figures are way above the sector average, although Low can point to strong asset backing and undervalued properties. At the trading level the company is moving in the right direction by concentrating increasingly on larger stores and this should help produce a further improvement in trading margins, which last year rose to 3.64 per cent from 3.17 per cent. The pace of store expansion is also accelerating with 120,000 sq ft expected this year against 106,000 in 1987. If the company reaches £9m pre-tax in 1988 the shares are trading on a p/e of about 12. That is lower than most comparable food retailers but seems about right now that the Rainbow stake of 5 per cent seems less threatening.

Gestetner sells Weir to OVS Australia for £11m

BY CLAY HARRIS

Gestetner Holdings, the office equipment group, yesterday agreed to sell J.A. Weir, its Scottish papermaking business, for a minimum of £11.2m. The buyer is OVS Investment Corporation, controlled by the Australian-based Pratt Group.

Gestetner, under the management control of the Australian AFP Investment Corporation since last year, said the proceeds would further reduce its already low gearing to enable the company to take advantage of marketing and distribution opportunities under the Gestetner brand name.

Weir makes fine papers, principally cut-size copying papers.In the year to October 1986, it achieved pre-tax profits of £1.4m on sales of £19m, of which about 20 per cent were to other companies in the Gestetner group, which has promised to continue its purchases.

Mr Richard Pratt, OVS chairman, said considerable investment was planned at the Alloa mill to increase capacity and help to preserve employment. OVS will not immediately buy Weir's property and fixed assets, but it will have an option to buy them for between £2.5m and £4m. The minimum figure is included in the £11.2m total.

AFP renegotiates Elders options, page 10

Gt Western £35m rights in convertible

By Lucy Kellaway

Great Western Resources, the US energy group quoted in London, yesterday announced a £35m rights issue, making one of the first calls on shareholders for cash since the market started to fall three weeks ago.

The company is planning to raise the money through an issue of 6 per cent convertible loan stock. It said that it had received undertakings from shareholders for £22m of the stock, and that the remainder of the issue had been underwritten.

The issue is the latest in a series of convertible issues made by Grand Western used to finance its programme of acquisitions.

Great Western also announced plans to convert its B preference shares into non-voting common shares. This would leave Mr Daniel Pena, Chairman of Great Western with about 45 per cent of the voting shares. Mr Pena and the other directors would not be taking up their rights entitlement.

Terms of the rights issue are £56 nominal of loan notes for every 100 ordinary , and £23.972 for every 100 B preference.

M. Brown agrees to S&N offer

BY LISA WOOD

Matthew Brown, the Blackburn-based brewer, has conceded defeat to Scottish & Newcastle Breweries.

Mr Patrick Townsend, chairman of Matthew Brown, yesterday wrote to shareholders recommending their acceptance of the S & N offer or to sell their Matthew Brown shares for cash.

S & N launched its third takeover bid for Matthew Brown last month with an offer of three of its shares for every one of Brown, with an alternative cash offer of 750p. At the time S & N held a 29.7 per cent stake in Brown. The board of Matthew Brown recommended that S & N's offer should be rejected.

The stock market crash occured shortly before the first closing date when S & N received acceptances which gave it control of 56 per cent of Mathew Brown's share capital. It then declared the offer unconditional in all respects.

Mr Townsend, in his letter to shareholders, said Matthew Brown had been in discussions with S & N and received assurances that it had no preconceived plans about how Mathew Brown should operate. S & N would wish to have the fullest understanding of Brown's business before deciding upon its policy.

Whitbread Investment Trust, which holds a 9.5 per cent stake in Matthew Brown, said that now the bid was recommended by the board of Matthew Brown it would be accepting the S & N share offer. The Whitbread Investment Trust will then have a stake in S & N of about two per cent.

Bishopsgate Inv.

Bishopsgate Investment Trust, a vehicle of Mr Robert Maxwell, has acquired 11.5m 5.25 per cent convertible preference shares in Norton Opax (24.2 per cent of that class). Mr Maxwell has a stake of about 22.5 per cent in Norton's ordinary shares.

British Gas proceeds with Bow Valley bid

BY LUCY KELLAWAY

British Gas is pressing ahead with its plan to buy control of Bow Valley Industries, Canadian oil company, despite reported opposition from Mr Marcel Masse, the Canadian energy minister. British Gas yesterday said that it was still in talks with Investment Canada, the official Canadian body, and that no decision on the bid had yet been made.

The C$1.4bn (£590m) bid, which would give British Gas 51 per cent of the company, requires the blessing of Investment Canada if it is to go ahead. Under Canadian law, all foreign stakes greater than 33 per cent in domestic energy companies require Government approval - which the energy department suggested earlier in the week might not be granted to British Gas.

British Gas would not say yesterday whether it would consider restructuring the bid or settling for a smaller stake in Bow Valley if its current proposal were rejected. It said it would wait for a firm decision from Investment Canada, which it said was expected in the next few weeks.

The offer, the first major expansionary move by British Gas since it was privatised at the end of last year, has met with a rough reception in Canada. Although the initial bid, which was made in August, had the approval of the Bow Valley board, it was revised last month in the face of strong opposition from Bow Valley's institutional shareholders.

Benlox bid behaviour criticised by Panel

By Nikki Tait

THE Takeover Panel yesterday delivered a sharp rap to Benlox, the small investment dealing and civil engineering company which is making a 'demerger' bid for the giant retail group, Storehouse, and to its advisers, Ifincorp Earl.

Parties involved in the Benlox bid, said the Panel, were guilty of "conduct which falls short of the standards required....in a takeover."

However, it added that it did not believe any serious consequences had flowed from the Benlox action, and so did not propose to take any further action.

The Panel's concern centres on the relationship between Egyptian financier, Dr Ashraf Marwan, and Benlox. Back in August, it was announced that Dr Marwan would be increasing his stake in the UK company to almost 20 per cent and had accepted an invitation to become executive deputy chairman. Although Ifincorp Earl maintains that Dr Marwan subsequently changed his mind about the boardroom role, no announcement to that effect ever appeared.

"It was a matter of public record that Dr Marwan owned over 20 per cent of Benlox and that he had accepted an invitation to join the Benlox board," said the Panel statement yesterday. "Therefore Ifincorp Earl, Benlox and Dr Marwan should have recognised their concertedness before the Panel's intervention or at least discussed the matter with the Panel executive."

The Takeover Code defines a concert party as "persons who, pursuant to an agreement or understanding (whether formal or informal) actively co-operate through, the acquisition by any of them of shares in a company, to obtain or consolidate control of that company."

Anyone with a 20 per cent interest in a bidding company and a public position on the board would generally be presumed to be in concert, unless there was evidence to the contrary.

The failure to treat Dr Marwan as "in concert" led to a number of breaches of the Code, says the Panel - in particular, against rules concerning the permitted dealings by members of a concert party in both offeror and offeree shares and the announcement of dealings.

However, on October 30, Ifincorp Earl put out a statement - after discussions with the Panel - stating that Dr Marwan was, indeed, in concert

Last night, Benlox said that stressed its continued intention to abide by the provisions of the City Code. "We have not knowingly transgressed the Code," commented Mr Peter Earl, a Benlox director and the guiding light behind Ifincorp Earl, "and are great supporters

Albert Fisher in £29m deal for Dutch fruit distributor

BY CLAY HARRIS

Albert Fisher Group, food services and distribution company, is to pay up to Fl196.6m (£28.8m) for the Rotterdam-based Citronas group, a worldwide distributor of fresh fruit and vegetables.

Fisher also disclosed yesterday that it had arranged forward-exchange contracts shortly before the stock market crash to limit its exposure to the falling dollar. The group has locked into a rate of $1.67 for the current year, compared with the $1.54 average rate for 1986-87, when the US accounted for half of Fisher's profits.

The Dutch acquisition, one of the largest purchases ever made by Fisher, underlines the group's post-crash strategy of concentrating on expansion in the UK and continental Europe. It comes only three months after Fisher bought its first foothold in the Netherlands by buying Reingold, a smaller fresh produce importer.

Among Citronas' interests are the Pakomi onion-packing business and a 22 per cent stake in the Rotterdam Fruit Pier. Fisher noted yesterday that Rotterdam is Europe's main import centre for fresh produce and the hub of the continent's distribution network.

Citronas, owned by the Minnaar family, reported adjusted trading profits of Fl7.08m (£2.1m) on turnover of Fl104m in the year to August 31. The initial £22.8m payment comprises £17.1m in cash and 4m Fisher shares. Additional payments of up to Fl20m (£6m) will be based on profits in the two years to August 1989.

Fisher also appointed Mr Richard Portergill to the new position of chief executive for UK and European operations.

Cambridge in £22m US deal

BY DAVID WALLER

IN DEFIANCE of the stock market's current anti-US bias, Cambridge Instruments, the scientific equipment manufacturer, is buying the New York-based optical systems division of Bausch and Lomb for $37m (£21.6m) cash.

Dr Terence Gooding, Cambridge's executive chairman, said that the Bausch subsidiary would be merged with the company's existing optical instruments division in the US to create a business with annual sales of $100m.

"This is an excellent time for us to buy into the US," said Dr Gooding. " The merged business will be in a strong position to win market share from the world's big optical systems companies in Germany and Japan."

The export drive would be assisted by the depressed dollar, contended Dr Gooding, far offsetting the adverse effect on sterling profits.

The Bausch subsidiary's sales of optical microscopes and photogrammetry products amounted to $38.3m in 1986 and $30m in the nine months to September this year. At $800,000, operating profits for 1986 were well below the $5.5m achieved in the previous year, but had recovered to $1.8m in the first nine months of this year.

Cambridge's existing business is also located in New York state, and Dr Gooding predicts considerable synergistic benefits. In time, cost savings could amount to 5 per cent of the division's total turnover, but initial rationalisation costs would delay the benefit to profits for as much as two years.

This acquisition follows hard on the heels of the Kr95m (£9m) purchase of a Swedish sectioning instruments business announced last month. Cambridge, which rejoined the market in March after twenty years absence, made pre-tax profits of £7.7m in the year to March.

High overseas tax takes shine off Renold recovery

BY DAVID WALLER

Renold, the gears and chains company which underwent a boardroom shake-up a year ago, yesterday provided the first evidence of its recovery under new management with the disclosure of pre-tax profits of £1.2m to the year to September.

After interest of £1.4m (£1.6m), this was substantially ahead of the £100,000 made in the first half last year. But after a tax charge of £900,000, the turnaround was more muted and Renold mustered a profit of £300,000 against a loss of £100,000.

The high tax charge occurred because Renold earned a net 69 per cent of its £2.6m trading profits from overseas, where corporate tax rates were higher than in the UK. The problem was exacerbated by the fact that certain unidentified overseas subsidiaries were making losses which could not be offset against the total tax liability.

Most of the interim improvement was due to one-off cost-cutting at the end of last year, said Mr Trevor Grice, chief executive. Turnover was ahead by £2.7m to £65.7m but the return on this in terms of profits was unacceptable, he said. He predicted further recovery as his "market-led" recovery strategy took effect.

Earnings per share were 0.3p, against a loss per share of 0.9p. Shareholders are to be paid an interim dividend of 0.5p and for the year, the dividend would not be less than last year's figure of 1.3p.

•comment

The management team painstakingly assembled in the past 10 months is ready to set about the task of "shifting metal", argues the gritty Mr Grice, and he claims that within five years the company should be achieving a 20 per cent return on assets. There is clearly scope for substantial profits improvement now that the strategic groundwork has been done. Renold has 28 separate businesses, 13 of them abroad. Not one of these has anything more than an infinitesimal share of its particular market. Growth should come as effective marketing is translated into orders which in turn take up the slack in the company's production capacity, helping to cover the high element of fixed costs. Analysts predict pre-tax profits of £4m in the full year which puts the shares, at 53p yesterday, on a prospective p/e of 17. Under present market conditions, there are blue chip bargains and Renold's shares are not likely to attract - despite good recovery prospects.

Chubb Corp has 6% of Sun Alliance

By Nick Bunker

New Jersey-based Chubb Corporation, the property/casualty insurance group, has raised its shareholding in Sun Alliance, the composite insurer, to 6.05 per cent.

Chubb previously had a five per cent stake which it declared last spring.

The latest increase was part of "a long-term buying programme" started by Chubb in 1986, said Mr William Niven, one of Sun Alliance's general managers.

The two groups have friendly ties dating back into the 19th century, when Chubb acted as New York underwriting agent for a number of old British insurance companies.

Sun Alliance still participates in pools of insurance business managed by the American company. It also has a 9.47 per cent equity stake in the Chubb group. Mr Niven said that over the long-term Chubb intended to lift its holding in Sun Alliance to a similar figure.

Asked whether the cross-holdings were intended to act as defences against possible hostile takeover bids, Mr Niven said they were "nothing of the sort."

GRE cuts Plessey

Guardian Royal Exchange has cut is holding in Plessey by 15m ordinary shares to 57,437,896 (7.783 per cent).

Fyffes pays £19m to lift stake in Irish Distillers

FII Fyffes, Dublin-based fruit and vegetable merchant, yesterday announced that it had bought the 14.7 per cent holding in Irish Distillers formerly owned by its advisers, Development Capital Corporation.

Together with Fyffes's existing stake, the purchase gives it a 20 per cent interest in the distillery group, products of which take in Bushmills and Black Bush whiskeys.

Fyffes is paying I£21.2m (£19m) for DCC's stake and financing the purchase by the issue of 13.5m FII shares and cash. DCC is retaining one-third of these and the balance has been conditionally placed at 90p with United Brands Company and the McCann family.

Mr Neil McCann, Fyffes chairman, yesterday met Mr Joseph McCabe, Irish Distillers chairman, and said Fyffes would treat Irish Distillers as an associate company. He described the acquisition of the stake as "within the development objectives of FII-Fyffes". Its principal aims, he said, would be to expand internationally in the fruit business - in particular on the distribution side in the UK - and to broaden its base in Ireland.

ATC acquires 8% stake in Sanderson

Allied Textile Companies has acquired an 8.1 per cent stake in Sanderson Murray & Elder, which said it considered ATC a "welcome shareholder." Sanderson already has an interest in ATC.

Sir James Hill and Sons, a private company which made an unsuccessful bid approach to Sanderson, recently announced it had sold its 8.1 per cent stake in Sanderson, though it did not name the buyer.

MMT's sharp advance to over £1m

MMT Computing yesterday reported a sharp advance in pre-tax profits, up 48 per cent from £720,000 to £1.07m, for the year ended August 31 against a 39 per cent increase in turnover which rose from £2.24m to £3.12m.

With earnings per 5p ordinary up from 22.4p to 34.4p shareholders get a lift from 5p to 6.25p in dividend with a proposed final of 4p. There is also a four-for-one scrip issue to increase marketability of the shares.

Mr M J Tilbrook, chairman of this USM-quoted software consultancy company, said MMT continued to be fully sold throughout the group and had an extremely healthy order book. He anticipated excellent progress in the coming year and a healthy financial contribution from the joint-venture companies.

There was every reason, he said, to look ahead with confidence. The company expects an early boost to earnings per share from the October acquisition of RTL Software Services for which the initial consideration was £175,000. The purchase of RTL was expected to boost turnover by some 20 to 25 per cent.

Gross profit last year was £1.22m (£836,000) after cost of sales of £1.91m (£1.4m); other operating expenses amounted to £298,000 (£198,000) leaving an operating profit of £917,000 (£637,000). Investment income was £94,000 (£55,000) and share of result of associated company doubled to £58,000 (£29,000).

Interest payable totalled £1,945 (£1,277), tax took £375,000 (£273,000) and minorities £5,107

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres-ponding div	Total for year	Total last year
Aquascutum ....int	1	Jan 6	0.8	-	2.5
Henderson Admin int	7	Jan 6	6	-	25
Low (William) ....fin	10	Jan 5	9	15	13.5
Keystone Inv. ....fin	4	Dec 17	3.5	6	5.5*
MMT Computers§ .fin	4	Jan 12	3.2	6.25	5
Renold ....int	0.5	Jan 29	nil	-	1.3

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. ‡Unquoted stock. ○Third market.

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. date	1987 High	1987 Low	Stock	Closing Price p	+ or -	Net Div.	Times Cov'd	Gross Yield	P.E. Ratio
§130	F.P.	20/11	170	90	Alba 10p	91	+1	L3.8	2.2	5.7	9.3
§41	F.P.	-	96	61	♦Amer. Plast. Inc. $0.01	68		R025c	4.6	2.2	9.6
775	F.P.	6/11	240	160	Anglo Leasing 10p	165		L2.5	4.2	2.1	11.9
-	F.P.	23/10	27	16	Atlantic Assets Wrnts.	16		-	-	-	-
§105	F.P.	6/11	140	78	♦Banner Homes 10p	83	+5	R2.6	2.9	4.3	10.9
330	120	-	88	76½	British Petroleum	78	-1½	R12.5	1.5	5.9	14.6
70.3	F.P.	-	73	64	CSFC Trust 10p	67	+3	-	-	-	-
§18	F.P.	-	27	18½	♦Charterhouse 1p	22	-1½				
	30.44	3.0	2.5	18.0							
100	F.P.	-	121	103	♦Co. of Designers 5p	105	+2	R3.0	2.2	3.9	12.5
10	F.P.	11/12	14½	7	EFM Dragon Trust 5p	8	+½	-	-	-	-
‡	F.P.	-	268	238	English & Caledonian Inv.	238		-	-	-	-
32	F.P.	30/10	50	19	♦Eplanet 5p	19½	-1	-	-	-	-
74	F.P.	-	81	74½	♦Fairway (London)5p	80		R2.5	1.8	4.2	14.3
-	F.P.	-	67	34	First Spanish I.T. Wrnts.	34		-	-	-	-
-	F.P.	-	104	75	Haden MacLellan 20p	78	+3	1.9	1.5	3.3	-
-	F.P.	23/10	23	14	Independent Inv. Wrnts.	14		-	-	-	-
§80	F.P.	-	148	86	ISA Intl. 5p	86	-5	R1.17	4.0	1.9	18.2
§40	F.P.	-	82	53	*Kemp (P.E.)5p	53	-5	-	-	-	10.0
§170	F.P.	20/11	191	165	Lloyd Thompson 5p	165	-5	14.3	2.1	3.6	18.1
§115	F.P.	-	128	73	♦Marcol 5p	73		L2.3	2.1	4.3	15.5
257	F.P.	-	98	55	Moorgate Inv. Wrnts.	65		-	-	-	-
§100	F.P.	-	108	103	New Guernsey Securities	105		-	-	-	-
$10.50	F.P.	-	$21¼	$10¼	Portugal Fund $0.01	$10¼		-	-	-	-
§123	F.P.	20/11	111	73	Power Corp. Ir.£0.01	73		Q36.9	2.5	4.5	9.8
[illegible]	F.P.	-	90	71	Record Hldgs 5p	71		R2.0	3.2	3.8	11.2
130	F.P.	20/11	253	125	Security Archives 20p	177	+2	R4.0	2.0	3.1	21.7
§100	F.P.	-	180	105	Shaftesbury £1	110	+5	-	-	-	-
250	F.P.	12/12	327	147	♦Stanhope Prop.	151		-	-	-	-
§20	F.P.	-	36	20	♦Tubular Exhibitions	21	-1	-	-	-	-
§87	F.P.	9/11	98	48	♦URS Intl.$0.01	48		R4.75	1.9	3.8	13.6
§40	F.P.	-	93	75	♦WSP Hldgs.5p	75		R1.5	3.0	3.9	17.9
?	F.P.	25/11	30	16	Wickham Securities	23xr		-	-	-	-

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price £	+ or -
100	F.P.	20/11	106½	83p	Allied Lon. Props. 5¼pc Cnv. Red. Pf	83p	
[illegible]	£10	21/1	24	10¼	Chester Wat. Wks. 11¾pc Re.Db.98/2000	11¼p	-¼
100p	F.P.	-	87p	65p	Helical Bar 5¼pc Cnv.Cum.Red.Pf.2012	65p	-3
§100	F.P.	-	129p	92p	Morrison (Wm.) 5¼pc Cum.Red.Pf.	92p	-3
-	F.P.	-	102¼	99⅝	N'wide Anglia 10⅝pc 12.9.88	101⅛	
-	F.P.	-	101	99¾	Do. 10⅛pc 26.9.88	101	
-	F.P.	-	100⅞	100⅛	Do. 10⅛pc 31.10.88	100⅞	
-	F.P.	-	109⅛	99⅝	Next 5¼pc Cnv. 2003	101⅛	
100	F.P.	-	144p	136p	P & O 5.5pc Red Nn.Cn.Pf.£1	144p	+1
§100	F.P.	-	115p	115p	Record Hldgs. 10pc Cum. Red. Prf. £1	114p	
100	F.P.	-	95p	75p	[illegible] Grp. 5.85pc Cnv. Cum. Red. Pf.	90p	+15
-	Nil	13/11	2½pm	¼pm	Utd. Scientific 5¼pc Cum. N-V. Pref.	¼pm	

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price p	+ or -
500	Nil	4/12	26½pm	15pm	A.C. Hldgs. 5p	15pm	-13
[illegible]	Nil	-	4pm	3pm	Anstacher (H.) Units♦♦	3pm	
223	Nil	9/11	26pm	7¼pm	Birmingham Mint	7¼pm	-1
30	Nil	16/12	33pm	11pm	♦Compsoft Hldgs.5p	11pm	-2
100	Nil	-	¾pm	¾pm	Falcon Inds.5p	¾pm	
3	Nil	3/12	29pm	21pm	♦Fletcher Dennys 5p	21pm	
[illegible]	Nil	4/12	11pm	¼pm	Harmony Leisure	¼pm	
70	Nil	11/12	9pm	3pm	Laura 25p	3pm	
735	Nil	9/11	65pm	10pm	♦Local London	10½pm	-3
300	Nil	8/12	40pm	27pm	Peachey Prop	27pm	
80	Nil	-	460pm	265pm	Press Tools	275pm	
260	Nil	-	¼pm	¼pm	Securiguard Group 5p	¼pm	
30	Nil	15/12	5pm	8pm	Stonehill Hldgs.	8pm	-2
27	Nil	18/12	4½pm	¼pm	TR Energy	¼pm	

Renunciation date usually last day for dealing free of stamp duty. a Annualised dividend. b Figures based on prospectus estimate. [illegible] based on dividend on full capital. g [illegible] based on latest annual earnings. [illegible] Q Gross. R Forecast annualised [illegible] W Pro Forma figures. Z Cover does [illegible] ratio usually provided. [illegible] Issued [illegible] Placing price. †† Reintroduction. [illegible] Unlisted securities market. [illegible] unit comprises 6 new ord. at 82p [illegible]

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APPOINTMENTS

Northern Bank chief executive

NORTHERN BANK, Belfast, has appointed Mr Sam Torrens as chief executive designate. He takes over on January 1. He has been with the bank for 36 years, and in January 1985 was appointed deputy chief executive. In March 1986 Mr Torrens was seconded to the parent Midland Bank as regional director home counties, and has been based in London since then. Mr John Roberts, who became chief executive of the Northern Bank in 1985, will be returning to London at the end of this year.

*

Sir Thomas Risk, governor of the BANK OF SCOTLAND, has agreed to serve for a further three years from the annual meeting next May.

*

Sir Trevor Hughes has been appointed independent chairman of BUILDING & CIVIL ENGINEERING HOLIDAYS SCHEME MANAGEMENT, and of Building & Civil Engineering Benefits Scheme Trustee. He succeeds Sir William Harris. Sir Trevor retired in 1985 as permanent secretary at the Welsh Office.

*

ORTHO-CILAG PHARMACEUTICAL has appointed Mr D.G. Robinson as operations director. He was director of production. Dr K.J. Watters becomes medical director designate. He was director of medical services at Servier Laboratories (UK). Mrs E.P. Norton has been appointed national sales manager.

*

Mr Peter Linacre, chief executive, has been appointed chairman of A.CAIRD & SONS. Mr Christopher Parker, formerly non-executive chairman, remains a non-executive director.

*

WHITECROFT has appointed Mr Peter Redd as deputy chairman and design director of MD Lighting, with Mr Neville Holmes as managing director. Mr Holmes was managing director of Moulinex UK. Mr Roger Ayres, materials manager, has been promoted to production director.

*

Mr John Hose has joined the main board of CONSOLIDATED TERN INVESTMENTS, and become chief executive of the Tern Property Development Group. He was property director of Arlington Securities.

*

Mr John Quilter has been appointed vice president of ALFA-LAVAL's Brussels-based flow equipment business area and a director of Saunders Valve Co., Cwmbran, and SSP Pumps, Eastbourne. He was business development director of Alfa-Laval Engineering, Brentford.

*

Mr Geoffrey Almeida will join PARKDALE HOLDINGS as finance group director in December. He was finance director of the financial services division of the Burton Group, and will bring Mr Steven Marshall, his deputy at Burtons, with him. Mr Jeremy Priestley and Parkdale Holdings have both invested in a new company in which Parkdale will have a 90 per cent holding. Mr Priestley will be chief executive of this company, and will join Parkdale Holdings main board. He was director of marketing of the Canary Wharf Development Co.

*

Mr Charles H. Cox has been appointed a director of SEDGWICK PROFESSIONAL INDEMNITY SERVICES. He was a divisional director of Bowring Professional Indemnity.

*

COLLINS-WILDE, Winchester, has appointed Professor Mike Jones as an energy consultant. He was chief executive of a subsidiary of Gulf Oil.

*

Mr Geoffrey Berry has been appointed to the board of HDA FORGINGS, a Hawker Siddeley company.

*

Mr Tim Maddison has been appointed managing director of FITZPATRICK & SON (CONTRACTORS), with Mr John Davies taking over as contracts director.

*

Mr Stephen J.L. Shipp has been appointed managing director of the building division of JOHN MOWLEM & CO. He has been a director since 1981.

*

At SYSTEMS DESIGNERS software technology centre, Camberley, Mr Clive Burrows has been promoted from principal consultant to production director, and Mr Ken Jackson from principal consultant to director of software engineering.

*

Mr Philip McMinn has been appointed managing director of WELBECK (CITY). He was on the board of The Moorgate Group, and managing director of its subsidiary Moorgate Public Relations. He has agreed to stay with Moorgate until the New Year to ensure a smooth handover. Ms Annie Dixon has been appointed joint managing director of MOORGATE PUBLIC RELATIONS.

ECONOMIC DIARY

TOMMOROW: Emergency Arab summit meeting in Amman on Iran-Iraq war.

MONDAY: EC Education and Development Councils meet in Brussels. Retail sales (September-final). Credit business (September). Producer price index numbers (October-provisional). European Space Agency ministerial meeting in the Hague (until November 10). Association of British Travel Agents annual convention in Innsbruck (until November 12). Confederation of British Industry conference "HIGH STREET 2000 - looking at the future of high street retailing" at Centre Point, London WC1.

TUESDAY: GATT council meeting in Geneva (until November 11). Mr John Whitehead, US Deputy Secretary of State, visits East Berlin. EC Consumers Affairs Council meets in Brussels. Institute of Directors conference "Coping with growth - directing the expansion of your business" in London. United Nations Industrial Development Organisation forum in Bangkok.

WEDNESDAY: Financial Times and NASDAQ hold conference "The prospect for the ADR business" at the Hotel Inter-Continental, London W1 (until November 12). British Airways half-year results. Mr Paul Schlueter, Danish Prime Minister, meets Mr Jacques Santer, Luxembourg Prime Minister, in Luxembourg and Mr Charles Haughey, Irish Prime Minister, in Dublin. Government launches major home safety campaign in London. Mr Edward Heath, Mr David Steel and Mr Bryan Gould at A level students politics conference at Central Hall, Westminster.

THURSDAY: Provisional figures of vehicle production (October). Financing of the Central Government Borrowing Requirement (third quarter). UK banking statistics (third quarter). Money stock (third quarter). Labour market statistics: unemployment and unfilled vacancies (October-provisional); average earnings indices (September-provisional) employment, hours, productivity and unit wage costs; industrial disputes. Science and Engineering Research Council annual report.

FRIDAY: EC Energy Council meets in Brussels. Usable steel production (October). Index of output of the production industries (September). Tax and price index (October). Retail prices index (October). Tentative deadline for US congressional Iran-Contra report.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section

	Equity groups & sub-sections	Fri Nov 6 1987 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (27%)	Est. P/E Ratio (Net)	xd adj. 1987 to date	Thu Nov 5 Index No.	Wed Nov 4 Index No.	Tue Nov 3 Index No.	Year ago (approx) Index No.	1987 High		1987 Low		Since Compilation High		Since Compilation Low	
1	CAPITAL GOODS (213)	647.25	−1.4	10.87	4.38	11.55	18.27	656.22	653.71	683.63	681.81	1038.07	16/7	647.25	6/11	1038.07	16/7/87	50.71	13/12/74
2	Building Materials (30)	847.83	−1.9	10.96	4.34	11.38	22.91	864.11	851.80	896.46	834.19	1381.08	16/7	847.83	6/11	1381.08	16/7/87	44.27	11/12/74
3	Contracting, Construction (33)	1162.80	−0.7	10.90	4.33	12.27	29.46	1171.13	1175.60	1239.01	1160.13	1951.50	16/7	1162.80	6/11	1951.50	16/7/87	71.48	2/12/74
4	Electricals (14)	1726.31	−1.1	10.49	5.05	12.44	54.41	1746.37	1714.79	1753.25	1756.26	2733.45	20/7	1714.79	4/11	2733.45	20/7/87	84.71	25/6/62
5	Electronics (33)	1487.25	−0.4	10.85	3.40	12.03	35.33	1495.47	1489.78	1522.54	1496.64	2236.70	17/7	1481.14	29/10	2236.70	17/7/87	1229.01	8/10/85
6	Mechanical Engineering (60)	314.41	−2.6	11.62	5.11	10.82	11.01	322.63	325.92	348.37	374.41	544.57	14/10	314.41	6/11	544.57	14/10/87	45.43	5/1/75
8	Metals and Metal Forming (7)	366.24	−3.0	10.76	4.51	11.32	9.11	377.44	382.66	401.03	341.72	596.67	9/10	355.97	2/1	596.67	9/10/87	49.65	6/1/75
9	Motors (14)	227.54	−1.3	13.36	5.09	8.69	5.86	230.56	234.58	247.11	259.38	411.42	13/10	227.54	6/11	411.42	13/10/87	19.91	6/1/75
10	Other Industrial Materials (22)	1118.54	−1.0	9.38	4.67	12.68	36.48	1122.24	1104.20	1152.43	1237.38	1736.80	22/9	1104.20	4/11	1736.80	22/9/87	277.55	15/1/81
21	CONSUMER GROUP (183)	948.17	−1.4	8.80	3.73	14.43	18.71	961.36	944.86	981.61	938.16	1406.32	16/7	944.86	4/11	1406.32	16/7/87	61.41	13/12/74
22	Brewers and Distillers (21)	891.79	−1.4	11.26	4.16	11.22	17.52	904.02	886.22	914.84	970.51	1269.35	16/7	886.22	4/11	1269.35	16/7/87	69.47	13/12/74
25	Food Manufacturing (23)	749.92	−0.3	9.88	4.16	13.07	16.66	752.80	737.98	772.16	719.72	1092.25	16/7	737.98	4/11	1092.25	16/7/87	59.67	11/12/74
26	Food Retailing (17)	1916.93	−2.1	7.78	3.07	17.13	39.67	1957.82	1927.55	2005.96	1865.71	2649.96	16/7	1881.80	2/1	2649.96	16/7/87	54.25	11/12/74
27	Health and Household Products (10)	1667.80	−0.3	6.73	2.66	17.17	16.41	1672.60	1625.13	1686.09	1503.02	2699.85	16/7	1625.13	4/11	2699.85	16/7/87	175.38	28/5/80
29	Leisure (30)	973.30	−1.9	8.24	4.67	15.15	28.16	991.89	992.19	1038.65	961.68	1504.79	13/10	973.30	6/11	1504.79	13/10/87	54.83	9/1/75
31	Packaging & Paper (16)	455.69	−1.5	9.06	3.93	14.52	11.13	462.76	462.86	482.97	477.55	739.48	16/7	455.69	6/11	739.48	16/7/87	43.46	6/1/75
32	Publishing & Printing (15)	2999.06	−1.6	7.20	4.85	17.58	67.89	3046.92	3098.90	3382.57	2601.80	5070.66	5/10	2713.49	2/1	5070.66	5/10/87	55.08	6/1/75
34	Stores (35)	812.40	−2.6	8.99	3.64	14.99	16.95	834.21	815.63	836.42	859.58	1160.58	29/7	812.40	6/11	1160.58	29/7/87	52.63	6/1/75
35	Textiles (16)	539.91	—	11.24	4.12	10.29	12.57	539.92	541.33	564.62	543.86	914.52	2/10	540.33	4/11	914.52	2/10/87	62.66	11/12/74
40	OTHER GROUPS (87)	786.22	−1.1	11.05	4.51	11.27	20.82	795.34	786.47	811.03	794.06	1192.48	8/10	786.22	6/11	1192.48	8/10/87	58.63	6/1/75
41	Agencies (17)	935.90	−1.4	6.68	2.42	19.67	16.79	948.74	954.56	999.99	0.0	1795.57	17/7	935.90	6/11	1795.57	17/7/87	935.90	6/11/87
42	Chemicals (21)	976.74	−0.2	10.09	4.71	12.12	33.10	978.62	959.55	964.97	988.42	1545.46	5/10	952.76	29/10	1545.46	5/10/87	71.20	1/12/74
43	Conglomerates (13)	1035.66	−1.6	9.93	4.52	11.52	22.33	1052.36	1032.51	1065.18	0.0	1547.01	8/10	1032.51	4/11	1547.01	8/10/87	1032.51	4/11/87
45	Shipping and Transport (11)	1594.25	−3.4	10.63	5.16	12.36	51.44	1650.46	1655.55	1734.09	1574.13	2497.85	16/7	1567.77	2/1	2497.85	16/7/87	90.80	29/6/62
47	Telephone Networks (2)	836.82	−0.7	12.12	4.83	11.01	18.98	842.56	834.68	865.73	785.65	1274.14	9/6	834.68	4/11	1274.14	9/6/87	517.92	30/11/84
48	Miscellaneous (23)	1092.61	−1.2	13.74	4.31	8.68	32.87	1105.75	1092.67	1129.36	1125.66	1773.70	5/10	1092.61	6/11	1773.70	5/10/87	60.39	6/1/75
49	INDUSTRIAL GROUP (483)	833.57	−1.3	9.93	4.10	12.67	19.71	844.63	834.30	866.45	843.20	1268.86	16/7	833.57	6/11	1268.86	16/7/87	59.01	13/12/74
51	Oil & Gas (17)	1584.53	−1.2	10.49	6.21	11.76	65.73	1604.15	1581.22	1619.63	1442.35	2458.68	16/7	1505.69	5/1	2458.68	16/7/87	87.23	29/5/62
59	500 SHARE INDEX (500)	897.24	−1.3	10.82	4.42	12.53	23.68	909.03	897.63	930.29	893.50	1369.88	16/7	897.24	6/11	1369.88	16/7/87	63.49	13/12/74
61	FINANCIAL GROUP (120)	593.73	−0.6	—	5.24	—	20.08	597.05	583.23	607.95	605.43	896.67	13/10	583.23	4/11	896.67	13/10/87	55.88	13/12/74
62	Banks (8)	605.72	+0.1	22.83	6.43	6.00	25.98	605.27	577.39	592.88	657.98	898.38	16/7	577.39	4/11	898.38	16/7/87	62.44	12/12/74
65	Insurance (Life) (8)	868.30	−1.3	—	5.38	—	32.56	879.59	863.60	902.89	843.47	1285.72	9/10	863.60	4/11	1285.72	9/10/87	44.88	2/1/75
66	Insurance (Composite) (7)	483.50	−0.1	—	5.70	—	17.20	484.18	469.63	484.29	458.05	787.58	13/10	456.52	2/1	787.58	13/10/87	43.96	13/12/74
67	Insurance (Brokers) (8)	744.84	−3.0	14.91	7.69	8.58	38.19	767.57	784.35	832.83	1253.95	1399.56	17/7	744.84	6/11	1399.56	17/7/87	65.86	16/12/74
68	Merchant Banks (11)	347.06	−3.3	—	4.06	—	8.69	358.98	365.91	379.03	352.94	547.59	12/10	345.85	2/1	547.59	12/10/87	31.21	7/1/75
69	Property (49)	865.74	+0.1	5.60	3.42	23.00	16.02	864.47	854.31	899.27	794.15	1374.86	16/7	805.82	5/1	1374.86	16/7/87	56.01	20/4/65
70	Other Financial (29)	369.33	−1.2	9.73	4.35	13.85	10.39	373.71	368.61	397.97	355.98	603.48	16/7	365.01	2/1	603.48	16/7/87	33.29	17/12/74
71	Investment Trusts (88)	789.32	−0.1	—	3.15	—	15.17	790.49	791.30	821.42	835.15	1224.41	2/10	789.32	6/11	1224.41	2/10/87	71.12	13/12/74
81	Mining Finance (2)	364.13	−0.2	12.49	4.69	9.02	10.41	364.73	363.39	377.26	343.56	727.93	3/8	341.86	2/1	727.93	3/8/87	66.31	30/9/74
91	Overseas Traders (10)	870.26	−0.1	10.50	5.60	11.15	33.95	871.33	876.10	893.10	782.28	1364.12	13/10	778.26	2/1	1364.12	13/10/87	97.37	6/1/75
99	ALL-SHARE INDEX (720)	815.68	−1.1	—	4.51	—	22.36	824.98	813.85	844.14	816.06	1238.57	16/7	813.85	4/11	1238.57	16/7/87	61.92	13/12/74
		Index No.	Day's Change	Day's High	Day's Low	Nov 5	Nov 4	Nov 3	Nov 2	Oct 30	Year ago								
	FT-SE 100 SHARE INDEX ♦	1620.8	−18.0	1647.1	1607.6	1638.8	1608.1	1653.9	1723.7	1749.8	1644.3	2443.4	16/7	1608.1	4/11	2443.4	16/7/87	986.9	23/7/84

FIXED INTEREST

	PRICE INDICES	Fri Nov 6	Day's change %	Thu Nov 5	xd adj. today	xd adj. 1987 to date
	British Government					
1	5 years	124.47	+0.06	124.40	–	9.56
2	5-15 years	142.81	−0.42	143.42	–	12.14
3	Over 15 years	151.28	−0.40	151.88	–	12.41
4	Irredeemables	171.23	+0.52	170.34	–	13.35
5	All stocks	139.14	−0.26	139.50	–	11.40
	Index-Linked					
6	5 years	224.31	+0.18	224.09	–	2.18
7	Over 5 years	111.19	+0.38	110.77	–	2.89
8	All stocks	112.11	+0.36	111.71	–	2.82
9	Debentures & Loans	118.97	−0.32	119.35	–	9.53
10	Preference	84.58	+0.17	84.43	–	4.95

	AVERAGE GROSS REDEMPTION YIELDS		Fri Nov 6	Thu Nov 5	Year ago (approx.)	1987 High		1987 Low	
	British Government								
1	Low	5 years	8.38	8.44	9.95	9.92	19/10	7.52	11/5
2	Coupons	15 years	9.05	8.95	10.63	10.27	19/10	8.53	8/5
3		25 years	8.91	8.90	10.64	10.08	2/1	8.55	8/5
4	Medium	5 years	8.96	8.90	11.39	10.80	2/1	8.39	8/5
5	Coupons	15 years	9.23	9.15	10.98	10.51	19/10	8.74	8/5
6		25 years	9.17	9.17	10.57	10.24	19/10	8.75	8/5
7	High	5 years	9.82	8.98	11.47	10.84	2/1	8.58	8/5
8	Coupons	15 years	9.36	9.28	11.15	10.67	19/10	8.86	8/5
9		25 years	9.12	9.09	10.63	10.31	19/10	8.72	8/5
10	Irredeemables	†	8.78	8.72	10.36	10.30	19/10	8.67	8/5
	Index-Linked								
11	Inflation rate 5%	5yrs	2.58	2.62	3.92	4.03	19/10	2.03	20/5
12	Inflation rate 5%	Over 5 yrs	4.17	4.19	3.89	4.63	19/10	3.30	6/4
13	Inflation rate 10%	5 yrs	2.77	2.80	2.39	4.14	19/10	0.85	24/3
14	Inflation rate 10%	Over 5 yrs	4.21	4.23	3.72	4.65	19/10	3.17	27/3
15	Debs &	5 years	11.00	10.82	11.68	11.86	20/10	9.46	12/6
16	Loans	15 years	10.69	10.65	11.68	11.67	20/10	9.79	23/3
17		25 years	10.69	10.65	11.68	11.49	20/10	9.84	23/3
18	Preference	†	10.80	10.82	11.52	11.83	2/1	10.05	22/6

♦Opening index 1644.3; 10 am 1628.0; 11 am 1608.7; Noon 1612.2; 1 pm 1620.8; 2 pm 1622.2; 3 pm 1620.4; 3.30 pm 1609.9; 4 pm 1611.3

CONSTITUENT CHANGES: Hill Samuel (68) and IBL (5) have been deleted. Brake Brothers (26) and Framlington Group (70) have been inserted.

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Agencies	31/12/86	1114.07	Overseas Traders	31/12/74	100.00	Mining Finance	29/12/67	100.00
Conglomerates	31/12/86	1114.07	Mechanical Engineering	31/12/71	153.84	All Other	10/4/62	100.00
Telephone Networks	30/11/84	517.92	Industrial Group	31/12/70	128.20	British Government	31/12/75	100.00
Electronics	30/12/83	1646.65	Other Financial	31/12/70	128.06	Do. Index-linked	30/4/82	100.00
Other Industrial Materials	31/12/80	287.41	Food Manufacturing	29/12/67	114.13	Debs & Loans	31/12/77	100.00
Health/Household Products	30/12/77	261.77	Food Retailing	29/12/67	114.13	Preference	31/12/77	76.72
Other Groups	31/12/74	63.75	Insurance Brokers	29/12/67	96.67	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p

Managers plan FFr300m takeover of Valeo unit

BY PAUL BETTS IN PARIS

ALLEVARD Industries, the steel spring manufacturing subsidiary of the French Valeo car components group, is to be taken over by its management in the biggest industrial leveraged management buy-out (LMBO) operation to date in France.

The profitable Valeo subsidiary, with annual sales of FFr800m ($142.8m) and employing 1,250 people, is being taken over by a group of senior company managers led by Mr Jean-Pierre Givry, Allevard's chairman.

The operation has been engineered with the backing of Baring Capital Investors, the subsidiary of Baring Brothers which specialises in LMBOs, and which has just opened an office in Paris.

The Allevard operation is by far the biggest industrial LMBO to have been put together in France in this field.

The French Government recently changed the LMBO legislation to try to encourage the development of management buy-outs in the country. Earlier this year, the Government privatised *the Institut de Developement Industriel* (IDI), the state financial institution which specialises in venture capital operations, through a management buy-out.

Although the IDI operation, involving FFr1.48bn, was larger than the latest Allevard operation, strictly speaking it did not involve a LMBO of a distinct industrial concern.

The Allevard LMBO will involve nearly FFr300m, with Valeo making a consolidated capital gain of about FFr30m from the operation.

The Allevard assets were originally taken over by Valeo last year at the time of a large capital reorganisation of the large French car components group, which saw Mr Carlo de Benedetti take over management control.

At the time, the French CGIP group took a 10 per cent stake in Valeo by shedding to the company its interests in Allevard.

The latest LMBO operation was initiated by the subsidiary's management and won the approval of Valeo, which is currently seeking to recentre its activities around its core car components businesses, as well as seeking to enhance the group's financial liquidity.

Sharp mid-year upturn at JAL

BY CARLA RAPOPORT IN TOKYO

THE JAPANESE boom in overseas travel and lower fuel costs allowed Japan Air Lines to stage a steep recovery in profits for the six months to September.

The nation's largest international airline posted pre-tax profits of Y31.6bn ($234.1m) against Y10.8bn for the same period last year. Sales were up 7.8 per cent to Y431.7bn.

Operating expenses in the period rose by only 3.3 per cent, due in large part to cheaper energy prices. The appreciation of the yen, according to the company, has spurred an unprecedented growth in overseas travel which shows no sign of decline.

JAL's overseas passenger travel grew by 11.1 per cent over the previous year to 3.5m travellers.

Domestic travel also expanded rapidly, jumping by 21.1 per cent to 5.6m travellers in the period. The company said growth was "remarkable" during the summer months, highlighted by a record 47,600 passengers carried on August 9.

Domestic cargo was also ahead, with a rise of 12.3 per cent in terms of tonnage.

International cargo, however, was stagnant because of the high yen and US-Japan trade friction.

As a result of the continuing recovery of profits at JAL, the company plans to resume dividend payments of Y30 at the end of the current year.

It suspended dividends for the past two years following the crash of a JAL Boeing 747 near Tokyo in August 1985, which killed 520 people.

For the full year, JAL forecasts sales of Y828.4bn and pre-tax profits of Y17bn.

Industrial gas sector helps lift Afrox

By Our Johannesburg Correspondent

AFROX, the South African subsidiary of BOC International, improved the performance of its industrial gases and welding supplies divisions but suffered lower profits in its hospital management interests during the year to September.

None the less, turnover rose by 14.7 per cent to R448m ($235m) from R391m. Pre-tax profits increased by 41.8 per cent to R89.4m from R63.0m.

The directors say the gas and welding supplies interests increased market penetration and improved their operating efficiencies. *The private hospital* interests were affected by low tariff increases allowed by medical scheme managers. Minority interests in two Pretoria clinics were sold.

Oslo bourse to investigate Bugge trading suspension

BY KAREN FOSSLI IN OSLO

FOLLOWING last week's suspension of trading in shares of Bugge Eiendom, the Norwegian property company, the Oslo bourse has launched an investigation to determine whether the suspension, requested by the company, was in "any way an attempt to manipulate quotations or in violation of rules for insider trading."

On Wednesday last week the bourse received notification from the company to suspend trading of its shares due to liquidity problems and renege on payments of a NKr155m ($24.2m) new share issue due November 4.

Mr Kjell Froensdahl, a bourse official, said that prior to the notification of suspension, the company issued a statement saying that it's financial status was intact.

Mr Froensdahl said that the suspension of trading in Bugge shares would be for at least four weeks while an investigation into the company, Carl Kierulf, the company's Norwegian broker, and several other Norwegian brokerage firms was completed.

Mr Froensdahl said: "We have found it necessary to gather information from these sources to determine whether trading taking place before the suspension was in violation of our rules for insider trading."

He said that it would be necessary to determine whether there was a documented basis *for the company's earlier statements.*

It is estimated that as of Friday only about NKr15m had been paid into the account of Bugge's NKr155m share issue.

Dalkon claims may dwarf Robins fund

By Roderick Oram in New York

ESTIMATES of up to $7bn have been placed on claims against A.H. Robins by women who allege injury and infertility from using the pharmaceutical company's Dalkon Shield intrauterine contraceptive device.

The estimates, made on the first day of court hearings on the total value of Shield claims, potentially dwarf the $1.75bn fund proposed by Robins and Rorer Group, the competing pharmaceutical company which plans to take over Robins. The latter has been operating under bankruptcy court protection since August, 1985, because of the claims.

A committee representing 200,000 women told the court in Richmond, Virginia, that their claims could run from $4bn to $7bn.

Robins said that only 38,500 of the claims were "potentially valid and compensable." Coupled with other "limited" and "minimal" claims, the maximum payout would be $1.22bn.

Robins own product liability insurer, Aetna Casualty and Surety, told the court, however, that it calculated the total claims from at least 90,000 women at between $2.2bn and $2.5bn.

If, as seems likely, the two sides cannot agree a figure, Judge Robert Merhige would decide on a sum which Rorer and Robins would have to meet to win court approval of their takeover and creditor plans. If their plans fail, the court would appoint a trustee to wind up the company and pay the claimants.

Rorer, which has offered to pay $2.65bn to acquire Robins and pay off its debts, has said previously that it might abandon its bid if the court fixed on a higher sum than the pharmaceutical companies had proposed.

AFP renegotiates terms of Elders share option

BY CLAY HARRIS IN LONDON AND CHRIS SHERWELL IN SYDNEY

AFP INVESTMENT, the Australian *investment company*, yesterday succeeded in renegotiating the terms of its options over shares in Elders IXL, the brewing and pastoral group, on which it had been facing potential losses of A$500m (US$378m).

As a result of the agreement Goodman Fielder, the Australasian food manufacturing group, will receive A$484m for its 144m Elders shares, payable next month instead of in July 1988.

However, it will retain a significant indirect stake in Elders, *with its interest falling* only from 12.2 per cent to 9 per cent.

A new Goodman-AFP joint venture will hold not only the shares bought from Goodman, but also 68.4m shares (over which AFP also holds options) to be bought from Adelaide-based SA Brewing. *The total* represents 18 per cent of Elders' capital.

AFP will contribute A$250m to the joint venture. The price Goodman will receive for its Elders shares was net of its A$200m investment in the venture. Citibank is arranging financing for the new company.

The options were granted to AFP in July as a precursor to the planned restructuring of Elders, which that company shelved earlier this week.

AFP has withdrawn its offer to Elders management to participate in half the options.

Under the original terms, AFP was to buy Goodman's stake at A$5.24 per share and SA Brewing's at A$5.21. Both companies, however, also had the right to force AFP to buy the shares at those prices.

With Elders shares standing yesterday at A$2.65, AFP was faced with a paper loss of nearly half the A$1.1bn it had committed to pay.

The joint venture company *will now buy Goodman's shares* at A$4.75. For SA Brewing's shares it will pay A$5.22 but in instalments of A$2.80 on December 1 and A$2.40 in December 1990.

AFP separately holds an 80 per cent interest in options (without a "put" element) to buy 307.4m Elders shares at A$3. Discounting its A$250m investment, to be raised from existing cash resources, AFP said yesterday that its average entry or exercise price for Elders shares was A$3.17.

Mr Pat Goodman, Goodman Fielder chairman, yesterday described the arrangement as "very satisfactory" because it freed A$484m eight months early.

By retaining an interest in Elders, Goodman would also will be able to reap the benefits of its future growth and to equity-account its share of the joint venture company.

AFP *owns* big stakes in the Linter textile group in Australia and the Gestetner office equipment group in Britain. Goodman owns 29.9 per cent of Ranks Hovis MacDougall, the UK food group.

Banks in Fecsa debt agreement

BY DAVID WHITE IN MADRID

PRELIMINARY agreement on a debt-restructuring plan for Fuerzas Electricas de Cataluna (Fecsa), the Barcelona-based electrical utility, has been reached between the company and the negotiating committee of foreign banks.

Bankers described the agreement as the biggest step so far towards a solution for Fecsa, which owes about $5bn, including about $2.2bn in bank credits. But they said there was "still work to do."

The plan, which involves rescheduling bank debts over 10 years and obtaining a big injection of fresh funds from Spanish institutions and electricity companies, is expected to meet some opposition when it is put to the full steering committee of 21 banks in London on November 16.

If it passes that hurdle, it still has to be "sold" to each of the 320 creditor banks.

Interest on the rescheduled bank debt is pegged to the London interbank offered rate (Libor) or the equivalent Madrid interbank rate, with a zero margin for the first three years, a spread of ⅛ points for the following three years and a ¼ spread for the last four years.

In a viability plan drawn up in April, Fecsa had proposed to pay below-interbank rates on its bank debt up to the end of 1991.

Agreement is conditional on a government decree setting a *new tariff structure for the electricity industry* and other measures laying down new accounting procedures for amortising assets.

The restructuring package includes about Pta57bn ($500m) in *fresh equity capital* from Spanish commercial and savings banks and utilities, on top of Pta18bn which utilities have already pumped into Fecsa since the crisis erupted in February.

Judge to restructure group after market fall

By Our Sydney Correspondent

THE WORLDWIDE stock market collapse claimed another Australasian casualty yesterday when Mr Bruce Judge announced executive changes and a restructuring of his business empire.

The changes involve the quoted Judge Corporation in New Zealand and its principal public subsidiaries, Ariadne in Australia and Kupe in New Zealand.

They follow a crash in the companies' share prices. Judge Corporation finished at 89 New Zealand cents yesterday, compared with a high of NZ$8.85. Ariadne closed at 70 Australian cents, against a peak of A$3.

In his report to Judge Corporation shareholders in Wellington yesterday, Mr Judge admitted that, at current share prices, "the investments held by Judge Corporation in Ariadne and Kupe give an accountant's position where liabilities exceed assets."

He insisted that the companies had been undervalued by the market and the press because there had not been a full realisation of developments in the group. In support he claimed extensive interest had been expressed in the group's assets at above current value.

But he said the Judge group's plans had to be revised. There had to be a restructuring and an injection of new capital.

Intimating that he would be standing down as chairman, Mr Judge, who lives in Queensland, said that while this restructuring went ahead, "it would be more appropriate to have a resident chairman to deal with Judge Corporation affairs."

Three other directors would also be standing aside, and a task force was being formed to deal with particular strategies over the next few months.

Investments in precious metals lose their shine

BY JIM JONES IN JOHANNESBURG

ANY RESIDUAL belief that gold and other precious metals are the stores of value of last resort is fast being put to rest.

That is the growing view of Johannesburg gold analysts, who have watched gold's price fail to rise in response to world insecurity, and gold mine share prices crumble. As one stockbroker put it yesterday: "I don't know what the hell is going on and I'd rather be out of the market and *safe than in it and at* risk."

Mr Winston Floquet, a Johannesburg broker, sums up the general view: "International speculators are desperate for cash, they are selling everything they can - the quality of what they sell is obviously of little concern to them."

The writing was on the wall for gold the day after Black Monday. After an initial surge in the gold price in response to uncertainty in stock markets, US mutual funds were reluctant or unable to sell gold mining shares and so unloaded bullion and gold coins to provide the cash needed to cover unit redemptions.

Private investors, too, joined the crowd. Those who held bullion sold it to cover stock market losses, argues Mr Bobby Craig, a local financial analyst, who believes this explains the initial malaise of gold and gold shares.

Now, *however, more fundamental* concerns are surfacing and gold shares in Johannesburg are 40 per cent down on their levels at the start of October.

The pro-gold lobby believes that the metal's price is likely to rise as governments throw money *at their economies to avoid* recession or depression. Stimulating the US economy will be more important than the inflation it is likely to engender, they argue.

Yet this will eventually work in gold's favour as investors with depreciating money in their pockets turn to gold as the most popular hedge against inflation.

Mr Keith Goode, another local analyst, warns that deflation will sharply reduce the price of gold as jewellery sales fall. An early sign of fear of depression came shortly after Black Monday when *De Beers' share price* collapsed - diamonds are likely to be worse affected than gold by cuts in consumer spending on luxuries. De Beers current share price of R30 contrasts with its level of R59 only a month ago.

Recessionary fears have been underlined by the drop in platinum values. *The metal's price* has fallen below that of gold for the first time since 1983 with fears that industrial demand will drop just as Japanese demand for platinum jewellery declines.

Lefkochrysos, arguably the most speculative of the platinum *shares, traded at R7.50 in* Johannesburg yesterday, less than one third of the R24.50 opening price at which it reached the market in September.

WORLD COMMODITIES PRICES

INDICES

REUTERS (Base: September 18 1931 = 100)

Nov5	Nov4	month ago	year ago
1641.0	1651.5	1659.1	1604.5

DOW JONES (Base: September 18 1931 = 100)

Spot	125.95	127.25	120.88
Futures	127.75	132.39	120.25

LONDON MARKETS

THE UPSURGE in London Metal Exchange copper prices stepped up a gear yesterday as the squeeze on supplies available for nearby delivery *tightened its grip on the market.* The cash Grade A position climbed another £97.50 to close at a 7¾-year high of £1,342.50 a tonne, taking the rise on the week to £166 a tonne. The three months position, which had been relatively stable earlier in the week, gained £28 to £1,150 a tonne. Fresh life-of-contract highs in the New York market and US producer price increases fuelled the rise as concern abou the squeeze prompted a wave of investor "borrowing" (buying cash and selling forward metal). As a result the cash premium over the three months position widened to the biggest spread for around 13 years. Traders were estimatimng that LME warehouse stocks, already uncomfortably low at 68,225 tonnes by the end of last week, had been depleted by another 6,000 tonnes or so this week. And some were talking in terms of the stock level approaching the March 1974 low of 10,475 before too long. Demand was expected to continue to outpace supply at least until early in the new year, they said. The LME aluminium market was also firmer as speculators covered against earlier short sales. But despite rising £39.50 to £974.50 at the close the cash standard price was still £74.50 down on the week.

LONDON BULLION MARKET

Gold (fine ounce)

	$ price	£ equivalent
Close	460¼-460¾	
Opening	458½-459	
Morning fix	458.60	257.713
Afternoon fix	460	257.065
Day's high		
Day's low		

Gold & Platinum Coins

	$ price	£ equivalent
US Eagle	469-474	262-265¾
Mapleleaf	471-476	264¼-267
Krugerrand	458-463	256¾-259½
1/2 Krug	236-247	133¼-138½
1/4 Krug	118-126	66¼-70¾
Angel	467-472	262-264¾
1/10 Angel	47-52	26¼-29¼
New Sov.	108-109	60½-61¼
Old Sov.	107½-109	60¼-61¼
Britannia	469-474	263-265¾
Noble Plat	535½-541½	300½-303¾

Silver (fine ounce)

	UK pence	US cts equiv
Spot	368.20	657.25
3 months	365.15	648.75
6 months	373.95	660.10
12 months	389.55	684.85

LONDON METAL EXCHANGE TRADED OPTIONS

Aluminium (99.5%)	Calls		Puts	
Strike price $ tonne	Jan	Mar	Jan	Mar
1650	74	108	55½	126
1675	62	96	71	139
1700	51½	86	85	153¼

Copper (Grade A)	Calls		Puts	
Strike price $ tonne	Jan	Mar	Jan	Mar
2000	158	130	65½	148
2050	130	110	86¼	176
2100	105	92	111	207

Copper (Grade A)	Calls		Puts	
Strike price £ tonne	Jan	Mar	Jan	Mar
1150	60		35	
1175	47		48	
1200	38		62	

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 0 tonne
Cash	1740-50	1660-5		1700-10		
3 months	1670-80	1590-5		1645-50	unquoted	2469 lots
Aluminium, 99.5% purity (£ per tonne)						Ring turnover 17,900 tonne
Cash	973-6	934-6	950/945	948-9		
3 months	924.5-5.5	898-7	925/906	909-10	912-6	62,850 lots
Copper, Grade A (£ per tonne)						Ring turnover 72,200 tonne
Cash	1340-5	1240-50	1340/1242	1290-2		
3 months	1149-51	1121-3	1155/1123	1130-1	1153-4	82,584 lots
Copper, Standard (£ per tonne)						Ring turnover 0 tonne
Cash	1300-10	1205-15		1250-60		
3 months	1130-40	1110-15		1110-20		41 lots
Silver (US cents/fine ounce)						Ring turnover 190,000 ozs
Cash	643-6	62-5	633	633-5		
3 months	654-7	643-6		644-6	653-6	587 lots
Lead (£ per tonne)						Ring turnover 15,000 tonne
Cash	361-2	358-9	362/360	359-60		
3 months	342-3	340-1	345/339	340-1	342-3	12,492 lots
Nickel (£ per tonne)						Ring turnover 2,586 tonne
Cash	3170-80	3200-10	3230/3225	3220-5		
3 months	3155-60	3165-90	3205/3130	3190-200	3155-60	8,026 lots
Zinc (£ per tonne)						Ring turnover 17,900 tonne
Cash	467-8	451-2	465/463	463-4		
3 months	467-8	452-3	470/458.5	464-4.5	466-8	14,305 lots

SPOT MARKETS

Crude oil (per barrel FOB November)		+ or -
Dubai	16.70-16.75y	+0.14
Brent Blend	17.90-18.00	+0.10
W.T.I. (1 pm est)	19.00-19.05y	+0.17

Oil products (NWE prompt delivery per tonne CIF December)		+ or -
Premium Gasoline	182-184	-0.50
Gas Oil	163-164	+0.50
Heavy Fuel Oil	93-94	
Naphtha	158-160	+1.00
Petroleum Argus Estimates		

Other		+ or -
Gold (per troy oz)	$460.50	+8.50
Silver (per troy oz)	368.20p	+2.05
Platinum (per troy oz)	$461.50	+17.00
Palladium (per troy oz)	$106.00	+3.50
Aluminium (free market)	$1695	+85
Copper (US Producer)	97.50c	+1.25
Lead (US Producer)	42.00c	
Nickel (free market)	289c	+1
Tin (European free market)	£3860	-7.5
Tin (Kuala Lumpur market)	17.31r	+0.05
Tin (New York)	328.5c	+1
Zinc (Euro. Prod. Price)	$820	
Zinc (US Prime Western)	43.875c	
Cattle (live weight)†	98.72p	+2.44*
Sheep (dead weight)†	197.42p	+19.84*
Pigs (live weight)†	72.69p	-0.31*
London daily sugar (raw)	$184.60x	+6.00
London daily sugar (white)	$194.50x	+4.50
Tate and Lyle export price	£209.00	+2.50
Barley (English feed)	£108.25	+0.25
Maize (US No. 3 yellow)	£132.00	
Wheat (US Dark Northern)	£98.00	
Rubber (spot)♥	60.00p	+0.50
Rubber (Dec)♥	62.50p	+0.50
Rubber (Jan)♥	63.00p	+0.50
Coconut oil (Philippines)§	$467.50x	
Palm Oil (Malaysian)§	$350	+2.5
Copra (Philippines)§	$310w	
Soyabeans (US)	$134.50	+0.50
Cotton "A" index	75.10c	+0.10
Wooltops (64s Super)	515p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lbs. r-ringgit/kg. v-Jan/Mar. w-Oct. x-Nov/Dec.y-Dec. z-Jan/Feb. † Meat Commission average fatstock. * change from a week ago. ♥ London physical market. § CIF Rotterdam

GAS OIL $/tonne

	Close	Previous	High/Low
Nov	162.50	161.50	163.25 162.25
Dec	163.25	162.00	164.00 163.25
Jan	163.00	162.25	163.75 163.00
Feb	161.50	160.50	162.50 161.50

Turnover 3744 (7149) lots of 100 tonnes

FREIGHT FUTURES £/index point

	Close	Previous	High/Low
Jan	1240.0	1249.0	1249.0 1240.0
Apr	1269.5	1269.0	1269.5 1263.0
Jly	1130.0	1142.5	1139.0 1130.0
BFI	1175.0	1174.0	

Turnover 90 (225)

GRAINS £/tonne

Wheat	Close	Previous	High/Low
Nov	110.00	110.20	110.10 110.00
Jan	112.15	112.55	112.25 112.00
Mar	114.15	114.45	114.15 114.00
May	116.40	116.75	116.40 116.35
Jly	118.65	119.00	118.65 118.60
Sep	102.50	102.70	102.50 102.50
Nov	104.45	104.45	104.45 104.45
Barley	**Close**	**Previous**	**High/Low**
Nov	104.80	105.30	105.26 104.80
Jan	107.10	108.85	107.10 106.85
Mar	109.30	109.10	109.30 109.15
May	110.85	110.75	110.85 110.85
Sep	99.00	99.00	199.00 199.00
Nov	101.00	101.00	101.00 101.00

Turnover: Wheat 119 (334), Barley 162 (127). lots of 100 tonnes.

COCOA £/tonne

	Close	Previous	High/Low
Dec	1092	1088	1101 1088
Mar	1126	1121	1134 1120
May	1147	1143	1156 1145
Jly	1168	1164	1175 1165
Sep	1186	1184	1195 1186
Dec	1213	1206	1218 1211
Mar	1239	1234	1244 1235

Turnover: 3464 (4447) lots of 10 tonnes
ICCO Indicator prices (SDRs per tonne). Daily price for November 5: 1421.13 (1428.75) .10 day average for November 6: 1452.84 (1457.35).

COFFEE £/tonne

	Close	Previous	High/Low
Nov	1248	1206	1249 1231
Jan	1278	1236	1281 1257
Mar	1308	1260	1307 1290
May	1330	1291	1328 1314
Jly	1345	1310	1346 1342
Sep	1375	1338	1360 1360
Nov	1385	1375	0 0

Turnover: 3481 (5396) lots of 5 tonnes
ICO Indicator prices (US cents per pound) for November 5 :Comp. daily 113.25 (113.33) . 15 day average 112.00 (111.96).

POTATOES £/tonne

	Close	Previous	High/Low
Nov	83.0	85.0	82.6 82.0
Feb	102.0	101.9	
Mar	91.0	90.0	89.0 88.0
Apr	150.5	149.7	152.3 149.0
May	163.8	164.0	164.0 162.5
Nov	89.9	90.0	

Turnover 354 (596) lots of 100 tonnes.

SUGAR ($ per tonne)

Raw	Close	Previous	High/Low
Dec	16400	16980	16900 16800
Mar	17100	17000	17090 16780
May	17180	17080	17200 16940
Aug	17320	17220	17300 17000
Oct	17440	17360	17380 17100
Dec	7709	7600	0 0
Mar	18300	18200	0 0
White	**Close**	**Previous**	**High/Low**
Dec	196.00	196.00	196.00 194.50
Mar	201.50	201.50	202.00 199.00
May	206.00	205.50	205.50 203.40
Aug	209.50	208.90	209.00 207.00
Oct	210.20	210.50	209.50 208.00
Dec	211.70	212.00	211.50 209.00
Mar	217.00	217.00	0 0

Turnover: Raw 1298 (3209) lots of 50 tonnes. White 1572 (1598).
Paris- White (FFr per tonne):Dec 1112, Mar 1148, May 1173, Aug 1218, Oct 1210,Dec 1215.

SOYABEAN MEAL £/tonne

	Close	Previous	High/Low
Dec	131.50	132.10	131.50 131.30
Feb	131.00	132.50	130.50 130.50
Apr	131.00	132.00	130.00 130.00
Jun	122.00	123.00	120.50 120.50
Aug	121.00	121.50	
Oct	123.50	123.50	
Dec	127.00	126.00	

Turnover 351 (90) lots of 100 tonnes

US MARKETS

In a reaction to Thursday's weakness the precious metals rallied in light volume on a combination of light buy stops and short-covering, reports Drexel Burnham Lambert. Copper, on the other hand, continued to rally sharply, closing over 5c higher on good trade, commission house and overseas buying as the market responded to constructive fundamentals. Crude oil spent most of the day consolidating. Trade support and mixed profit-taking held prices slightly firmer until trade selling late in the day touched off commission house stops. Cocoa firmed reflecting European offtake despite Brazilian selling and long liquidation in advance of first notice day on the December contract. Coffee eased in early trading on profit-taking, but fund and local buying saw prices recover as the market closed higher on the day. Sugar was firm as trade buying in spreads steadied prices despite origin selling and trade price-fix selling. Cotton continued to be dominated by locals, firming as they bought then easing as they liquidated. The meats were quiet, but a feeling that packers would be forced to pay higher prices next week led to a recovery in cattle futures. In hogs the futures were at a premium to cash for the first time in a year indicating *the possibility of higher cash prices in* the near future. The grains were quiet. Wheat was under pressure as traders feared the outcome of yesterday's US Government auction out of inventory, maize eased on pre-weekend book-squaring, while the soya complex was firm, stops being touched off in oil and commercial buying interest evident *in the beans and meal.*

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low
Nov	460.7	457.5	457.5 0
Dec	462.1	459.2	465.4 459.1
Jan	464.6	461.7	0 0
Feb	467.9	464.8	469.0 464.6
Apr	473.6	470.4	474.3 470.1
Jun	479.3	476.0	479.5 476.0
Aug	485.2	481.3	0 0
Sep	460.0	460.0	461.0 0

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low
Nov	165.00	159.25	166.50 160.25
Jan	156.10	154.35	157.80 154.50
Mar	153.60	152.65	154.70 152.50
May	153.80	151.50	154.25 132.00
Jly	153.85	151.25	154.00 152.00
Nov	151.25	148.00	0 0
Jan	150.50	148.20	0 0
Mar	150.50	148.20	150.00 150.00

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low
Dec	1821	1812	1835 1815
Mar	1854	1838	1861 1842
May	1885	1870	1890 1875
Jly	1916	1900	1920 1905
Sep	1946	1930	1950 1935
Dec	1983	1967	1987 1972
Mar	2015	1999	2015 2015

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low
Dec	128.46	125.90	127.90 128.45
Mar	130.87	130.49	132.20 130.60
May	132.70	132.64	133.70 132.70
Jly	133.75	133.75	135.00 133.75
Sep	135.03	135.00	136.00 135.50
Dec	136.25	136.13	137.00 136.25
Mar	136.00	137.00	0 0

COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low
Nov	96.45	92.45	96.00 95.00
Dec	95.50	89.90	95.60 90.90
Jan	93.50	88.40	0 0
Mar	88.55	85.40	89.80 86.10
May	85.55	82.60	85.70 83.50
Jly	83.55	80.80	83.00 81.20
Sep	81.85	80.00	80.70 80.70
Dec	81.00	79.80	81.00 81.00
Jan	80.80	79.75	0 0
Mar	80.80	79.70	79.50 79.50

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low
Nov	486.4	461.1	486.0 472.0
Dec	490.6	472.3	0 0
Jan	492.9	475.3	494.0 476.5
Apr	501.1	484.3	502.0 485.0
Jly	509.1	493.3	509.0 492.0
Oct	517.1	502.3	519.0 500.0
Jan	525.6	511.8	0 0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low
Nov	647.2	627.2	645.0 636.0
Dec	650.0	630.0	655.0 636.0
Jan	653.9	633.9	652.5 645.0
Mar	663.5	643.0	666.0 648.0
May	672.1	651.2	675.0 656.0
Jly	680.6	659.6	683.0 665.0
Sep	689.6	668.1	694.5 673.0
Dec	704.3	682.1	709.0 687.0
Jan	709.9	686.5	0 0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low
Jan	7.05	7.00	0 0
Mar	7.59	7.55	7.60 7.45
May	7.88	7.82	7.87 7.83
Jly	7.71	7.67	7.72 7.58
Oct	7.79	7.70	7.79 7.64
Jan	8.05	7.88	0 0
Mar	8.14	8.04	8.10 8.06

COTTON 50,000; cents/lbs

	Close	Previous	High/Low
Dec	67.25	67.50	67.90 67.10
Mar	68.47	68.75	69.10 68.45
May	69.35	69.40	69.70 69.10
Jly	69.15	69.35	69.55 69.10
Oct	65.95	65.55	66.20 65.80
Dec	64.37	64.50	64.70 64.25
Mar	65.50	65.65	65.95 65.65

CRUDE OIL (Light) 42,000 US galls $/barrel

	Close	Previous	High/Low
Dec	18.87	18.94	19.10 18.86
Jan	18.79	18.90	19.02 18.78
Feb	18.73	18.81	18.95 18.73
Mar	18.72	18.77	18.90 18.70
Apr	18.70	18.70	18.85 18.70
May	18.69	18.70	18.76 18.69
Jun	18.75	18.58	0 0
Jly	18.60	18.60	18.60 18.59
Aug	18.55	18.35	18.56 18.55
Sep	18.51	18.39	18.52 18.50

HEATING OIL 42,000 US galls, cents/US galls

	Close	Previous	High/Low
Dec	55.25	55.29	55.80 55.20
Jan	54.95	55.01	55.55 54.95
Feb	54.30	54.45	54.85 54.35
Mar	52.60	52.60	53.05 52.45
Apr	50.70	50.85	51.25 50.70
May	49.80	49.75	50.20 49.80
Jun	49.50	49.25	49.85 49.25
Jly	49.35	49.40	49.90 49.50
Aug	50.10	49.80	50.45 50.10

Chicago

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low
Dec	17.75	17.52	17.78 17.44
Jan	17.94	17.69	17.95 17.59
Mar	18.28	17.98	18.30 17.95
May	18.55	18.20	18.57 18.15
Jly	18.75	18.42	18.75 18.40
Aug	18.85	18.50	18.85 18.50
Sep	18.85	18.47	18.90 18.65
Oct	18.86	18.47	18.86 18.86
Dec	18.85	18.75	19.00 18.85

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low
Dec	184.1	183.6	185.0 183.1
Jan	178.3	176.7	178.5 176.7
Mar	173.5	171.7	173.6 171.7
May	170.1	168.2	170.3 168.5
Jly	168.0	166.1	168.5 166.0
Aug	168.0	165.5	168.0 165.5
Sep	168.0	164.0	167.0 165.0
Oct	168.0	163.5	167.0 165.0
Dec	168.3	164.0	167.0 164.0

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low
Dec	285/6	285/4	286/2 283/4
Mar	298/2	298/4	299/0 296/4
May	298/0	296/0	299/0 296/2
Jly	284/4	283/4	285/4 282/6
Sep	289/0	287/4	290/0 289/0
Dec	298/0	297/0	298/0 297/4

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low
Dec	43.22	42.70	43.45 42.70
Feb	42.37	42.15	42.67 42.20
Apr	38.57	39.47	39.85 39.42
Jun	42.77	42.57	42.95 42.55
Jly	42.75	42.40	43.00 42.65
Aug	41.85	41.55	42.05 41.60
Oct	39.05	39.00	39.40 39.02
Dec	39.55	39.10	39.55 39.50

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low
Dec	180/2	180/0	180/6 178/6
Mar	184/6	184/4	185/2 183/4
May	189/4	189/0	190/2 188/2
Jly	193/6	192/6	194/2 192/4
Sep	192/4	190/4	193/0 191/0
Dec	192/4	190/2	193/0
Mar	197/0	195/4	198/0 195/4

PORK BELLIES 38,000 lbs; cents/lb

	Close	Previous	High/Low
Feb	55.05	54.65	55.40 54.80
Mar	54.90	54.45	55.25 54.55
May	56.10	55.80	56.35 55.60
Jly	56.20	55.85	56.30 55.95

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low
Nov	543/4	538/4	544/4 538/0
Jan	551/4	546/0	552/0 545/0
Mar	557/2	552/2	557/4 550/4
May	559/2	555/0	560/0 553/4
Jly	560/6	556/2	561/4 554/4
Aug	559/0	553/4	560/0 555/4
Sep	551/0	544/0	551/4 548/6
Nov	548/4	542/6	550/0 542/4
Jan	555/0	0	555/0 553/0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low
Dec	63.45	62.62	63.60 62.90
Feb	61.05	60.02	61.10 60.25
Apr	63.80	62.77	63.87 62.90
Jun	63.85	62.77	64.00 62.90
Aug	62.25	61.25	62.30 61.35
Oct	60.90	60.10	61.20 60.35
Dec	62.10	61.50	62.10	

WORLD MARKETS

NEW YORK

CANADA

AUSTRIA

BELGIUM/LUXEMBOURG

DENMARK

FINLAND

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

SPAIN

SWEDEN

SWITZERLAND

AUSTRALIA

AUSTRALIA (Continued)

HONG KONG

JAPAN

JAPAN (Continued)

SINGAPORE

SOUTH AFRICA

Indices

NEW YORK — DOW JONES

CANADA

NEW YORK ACTIVE STOCKS

FOREIGN EXCHANGES

Dollar up on short covering

THE DOLLAR finished on a firmer note in currency markets yesterday, following proposals that the US Republican party would offer cuts in the US budget deficit of $75½bn over the next two years.

The extent of the dollar's improvement was limited however because the cuts were only on offer and not accepted and in addition analysts were quick to point out that in real terms the total proposed cut was little in excess of planned cuts over the next two years anyway.

However there was certainly a reluctance to run short of dollars over the weekend and although most central banks were conspicuous by their absence, there was still a little nervousness caused by recent attempts by the Bank of Japan to help the dollar.

The dollar closed at DM1.6750 from DM1.6680 and Y135.35 from Y134.50. Elsewhere it finished at SFr1.3810 from SFr1.3680 and FFr5.6950 compared with FFr5.64. However on Bank of England figures, the dollar's exchange rate index fell from 96.9 to 96.3.

STERLING-Trading range against the dollar in 1987 is 1.7855 to 1.4710. October average 1.6620. Exchange rate index 75.7 against 75.4 at the opening and 75.3 on Thursday. The six months ago figure was 71.9.

The pound finished on a firmer note, improving against European currencies but losing slightly against the dollar. Recent developments ensured that the pound retained a firm economic undertone.

It closed at $1.7830 from $1.7855 but improved to DM2.9875 from DM2.9775 and Y241.25 compared with Y240.25. Elsewhere it closed at SFr2.4625 from SFr2.4425 and FFr10.1550 from FFr10.07.

D-MARK-Trading range against the dollar in 1987 is 1.9305 to 1.6680. October average 1.8011. Exchange rate index 151.2 against 146.5 six months ago.

A bearish dollar undertone tended to predominate trading in Frankfurt as traders became convinced that the US authorities were unlikely to fight against a further fall in thge dollar's value. The US unit closed at DM1.6715 from DM1.6925.

JAPANESE YEN-Trading range against the dollar in 1987 is 159.45 to 134.50. October average 143.27. Exchange rate index 228.4 against 218.5 six months ago.

Short covering ahead of the weekend helped the dollar recover in Tokyo, having touched a record trading low of Y134.40 soon after the opening. Further intervention by the Bank of Japan also encouraged speculators not to run short positions over the weekend.

The dollar closed at Y135.50 compared with Y135.05 in New York but still finished down from Thursday's Tokyo close of Y135.95.

£ IN NEW YORK

Nov.6	Latest	Previous Close
£ Spot	1.7820-1.7830	1.7785-1.7795
1 month	0.32-0.30pm	0.35-0.35pm
3 months	0.68-0.64pm	0.67-0.63pm
12 months	1.85-1.75pm	1.88-1.78pm

Forward premiums and discounts apply to the US dollar

POUND SPOT- FORWARD AGAINST THE POUND

Nov.6	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.7735-1.7920	1.7825-1.7835	0.36-0.33cpm	2.32	0.73-0.68pm	1.58
Canada	2.3419-2.3558	2.3530-2.3540	0.21-0.11cpm	0.82	0.35-0.22pm	0.48
Netherlands	3.35¼-3.37	3.35¾-3.36¾	1¼-1cpm	4.01	3¾-3pm	3.79
Belgium	62.30-62.71	62.60-62.70	14-10cpm	2.30	34-27pm	1.95
Denmark	11.49¼-11.61½	11.52¼-11.53¼	1-1¾oredis	-1.43	5¼-6½dis	-1.97
Ireland	1.1175-1.1275	1.1200-1.1210	0.05dis-0.05pm	-	0.05-0.23dis	-0.05
W. Germany	2.98¼-2.99½	2.98¼-2.99¼	1½-1¼pfpm	5.52	3¾-3½pm	4.85
Portugal	240.85-244.27	241.33-242.62	67-124cdis	-4.74	260-354dis	-5.07
Spain	200.63-202.90	200.63-201.32	98-204cdis	-9.02	272-415dis	-6.84
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-3.26
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-3.65
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-0.69
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-2.54
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	4.56
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3.84
Switzerland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.28

STERLING INDEX

[illegible]

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

Nov.6	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.58
Ireland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.49
Canada	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-1.11
Netherlands	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2.23
Belgium	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.06
Denmark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-2.80
W. Germany	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3.21
Portugal	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-6.76
Spain	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-8.32
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-4.76
Norway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-7.28
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-2.06
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-2.14
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2.97
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2.28
Switzerland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3.72

CURRENCY RATES

[illegible]

CURRENCY MOVEMENTS

[illegible]

EURO-CURRENCY INTEREST RATES

[illegible]

OTHER CURRENCIES

Nov.6	£	$
Korea(Sth)	1416.10-1428.90	797.10-803.70
Kuwait	0.49250-0.493500	0.27615-0.27625
Luxembourg	62.35-62.45	34.95-35.05
Malaysia	4.4125-4.4500	2.4915-2.4935
Mexico	2965.95-2972.85	1663.00-1665.00
N. Zealand	2.8395-2.8495	1.5960-1.5985
Saudi Ar.	6.6790-6.6870	3.7440-3.7460
Singapore	3.6330-3.6630	2.0475-2.0490
S. Af (Cm)	3.4865-3.5025	1.9610-1.9645
S. Af (Fn)	5.9740-6.1820	3.3615-3.4785
Taiwan	53.20-53.50	29.85-29.95
U.A.E.	6.5515-6.5575	3.6725-3.6735

*Selling rate

EXCHANGE CROSS RATES

[illegible]

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

MONEY MARKETS

UK rates slightly lower

INTEREST RATES showed a slightly easier tone where changed in the London money market yesterday as traders went into the weekend holding the belief that the last cut in base rates was mainly due to the fall in equity values and that a further reduction was largely dependent on the performance of Wall Street and efforts to reduce the US budget deficit.

UK clearing bank base lending rate 9 per cent from November 5

Three-month interbank money was quoted at 8⅞-8¾ p.c., unchanged from Thursday. Weekend money opened at 9⅝-9½ p.c. and moved up to 9½-9¼ p.c. before finishing firmer at 11 p.c. bid.

The Bank of England forecast a shortage of around £900m with factors affecting the market including the repayment of late assistance and bills maturing in official hands together with a take up of Treasury bills draining £389m and Exchequer transactions a further £345m. There was also a rise in the note circulation of £290m. These were partly offset by banks' balances which were brought forward £145m above target.

To help alleviate the shortage the Bank offered an early round of assistance but with discount houses picking up bills well below official dealing rates, they were not in any particular hurry to sell them straight on to the Bank.

The forecast was revised to a shortage of around £850m but there was no help in the morning. In the afternoon the Bank gave assistance of £186m through outright purchases of eligible bank bills, £177m in band 1 at 8⅞ p.c. and £9m in band 2 at 8⅞ p.c. Late help came to £345m, making a total of £531m.

The average rate of discount at the weekly Treasury bill tender reflected the cut in base rates with a fall of 0.5856 p.c. to 8.2877 p.c. The £100m of bills on offer attracted bids of £954m against £437m the week before and all bills on offer were alloted.

The minimum accepted bid was £97.93 from £97.785 and bids at that level were met as to about 30 p.c. and above in full. Next week £500m of bills will be on offer.

FT LONDON INTERBANK FIXING

(11.00 a.m. March 22) 3 months US dollars		6 months US Dollars	
bid 7⅛	offer 7¼	bid 7⅛	offer 7¼

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate; Broker loan rate; Fed.funds; Fed.funds at intervention.

Treasury Bills and Bonds			
One month	4.49	Three year	[illegible]
Two month	4.94	Four year	[illegible]
Three month	5.91	Five year	[illegible]
Six month	6.47	Seven year	[illegible]
One year	6.87	10-year	[illegible]
Two year	7.63	30-year	[illegible]

September 22	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	3.55-3.65	3.50-3.65	3.80-3.95	4.30-4.95	3.80-3.95	[illegible]
Paris	9.3750	8.6875	8.7500	8.8125	8.9375	[illegible]
Zurich	1.00	2.3750	—	3.3750	—	[illegible]
Amsterdam	5.25	4.9375	—	5.03130	—	[illegible]
Tokyo	3.3475	3.84375	—	3.96875	—	[illegible]
Milan	10.25	10.50	—	11.50	—	[illegible]
Brussels	7.00	6.6875	—	7.00	—	[illegible]
Dublin	8.75	8.75	9.00	9.1250	9.1250	[illegible]

LONDON MONEY RATES

Nov.6	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	11.00	9.25	9.0625	8.875	8.875	[illegible]
Interbank Bid	9.125	9.125	8.9375	8.75	8.75	[illegible]
Sterling CDs	-	-	9.00	8.75	8.75	[illegible]
Local Authority Deps.	9.125	9.125	9.9375	8.75	8.8125	[illegible]
Local Authority Bonds	-	-	9.3125	9.3125	9.375	[illegible]
Discount Mkt Deps.	9.375-9	9	8.75	8.50	-	[illegible]
Company Deposits	9.25	9.125	9.00	8.875	8.875	[illegible]
Finance House Deposits	-	-	9.0625	8.9375	8.9375	[illegible]
Treasury Bills (Buy)	-	-	8.75	8.5625	-	[illegible]
Bank Bills (Buy)	-	-	8.8125	8.5625	8.506250	[illegible]
Fine Trade Bills (Buy)	-	-	9.4375	9.1875	9.1250	[illegible]
Dollar CDs	-	-	6.80-6.75	7.30-7.25	7.35-7.30	[illegible]
SDR Linked Deposits	-	-	5.9375	6.1875	6.1875	[illegible]
ECU Linked Deposits	-	-	7.00	7.1250	7.1250	[illegible]

Treasury Bills (sell): one-month 8⅝ per cent; three months 8½ per cent; Bank Bills (sell): [illegible] per cent; three months 8½ per cent; Treasury Bills; Average tender rate of discount 8.2877 [illegible] Rate Sterling Export Finance. Make up day October 30, 1987. Agreed rates for period [illegible] December, 1987, Scheme I: 11.36 p.c. Schemes II & III: 11.29 p.c. Reference rate for period [illegible] October 30, 1987, Scheme IV: 10.094 p.c. Local Authority and Finance Houses seven days' notice, [illegible] seven days' fixed. Finance Houses Base Rate 10.5 from November 1, 1987: Bank Deposit [illegible] seven days notice 3-3.5 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over [illegible] one month - per cent; one-three months - per cent; three-six months - per cent; six-nine months [illegible] nine-twelve months - per cent; Under £100,000 - per cent from October 15, Deposits withdrawn [illegible] cent.

Gilts and equities settle lower

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Oct 26	Nov 5	Nov 6	Nov 16
Nov 9	Nov 19	Nov 20	Nov 30
Nov 23	Dec 3	Dec 4	Dec 14

*New time dealings may take place from 9.00am two business days earlier.

RENEWED CONCERN over the outlook for the US dollar and for the global economies undermined London's attempts to rally yesterday. Disappointing reports on prospects for cutting the Federal budget deficit helped depress equities at mid-session, although the market managed to rally from an early bout of index futures-related selling.

Government bonds backed away from some overnight selling in Tokyo, and the monetary authorities decided against introducing any new tap issue in a market clearly lacking solid support.

London markets took the view that this week's round of interest rate cuts in Europe and the US have left unchanged the fundamental questions hanging over the US trade and budget deficit, and therefore over the global marketplace. Indications from Mr James Baker, US Treasury Secretary, that the White House prefers to risk a further fall in the dollar rather than a recession unsettled the London markets. Hopes for a cut in US Federal discount rate receded.

With the US dollar sliding lower again for most of the day, and both the US employment totals and the comments on the US budget deficit from a US Congressman unhelpful, share prices soon abandoned an initial improvement which had reflected overnight gains on Wall Street.

But the pressure behind an early fall in equities came mostly from the futures market, where trading firms unwound positions as the two week share trading account came to its close.

At worst, the December contract on the FT-SE 100 (Footsie) contract was at a discount of 30 points to the underlying index. At least one major house had a substantial "put" position in the Footsie contact.

The FT-SE Index itself steadied at 1607, keeping intact the 1600 support level which has been successfully held on two occasions this week. The market staged a good rally towards the end of the day although traders said that confidence remained fragile.

At the close, the FT-SE 100 Index was 18.0 down at 1620.8 a loss of 7.3 per cent over a turbulent trading week which has seen markets at the mercy of a plummeting dollar, but finally steadied by reductions in global interest rates.

The City drew some satisfaction from the absence of any financial disasters in the wake of last Monday's equity account Settlement Day. Rumours of trading problems at major firms continued to circulate yesterday, and there were suggestions that the Stock Exchange was about to impose tighter regulations on private client investment. There was little demand for shares as the equity market moved into the new account.

The market in British Government bonds remained in good heart, with traders dismissive of falls of ½ or so. "We're alright for next week", was the general view, although some analysts pointed out that markets would respond quickly to any meeting of the G-7 Finance Ministers.

Demand for Gilt-edged slackened off after a very good week, and prices reacted without significant selling pressure. But the Index-related Government bonds had another strong session, adding another full point to this week's gains.

Traders said the inflation prediction built into ILsecurities had become "too low" at around 4.7 per cent at the beginning of the week. The City was disappointed when Mr Lawson, the UK Chancellor, increased his forecast for domestic inflation for next year.

Banking stocks ended a volatile week with minor changes in either direction. **NatWest**, still regarded, by leading brokers as the top quality issue in the market, put on 5 to 558p while **Lloyds Bank** edged up 2 to 245p. **Midland** suffted from widespread profit-taking and slipped 5 to 343p while **Barclays** held around the 443p level.

TSB, which earlier in the week gained control of Hill Samuel, eased to 101½p. Merchant banks, meanwhile fell away on lack of interest. **Hambros** dropped 5 to 258p, **Morgan Grenfell** lost 17 to 243p and **SG Warburg** ended the day 7 lower at 303p. **Schroders** dropped 75 to 950p. **Kleinwort Benson**, where the £143m rights issue was taken up as to 84.4 per cent, slumped 20 to 406p.

Life assurance issues fell away across the board with **Prudential** 8 down at 790p and **Pearl** 5 cheaper at 313p. **London & Manchester**, where the Kuwaiti Investment Office picked up a near 10 per cent stake in the company, fell 7 to 205p.

Composite insurances showed **Commercial Union** 8 off at 303p as it was confirmed that a near 5 per cent stake had been built up in the company by "down-under" interests. **Royals**, where Australian John Spalvin's Adsteam recently declared a near 6 per cent intetrest in the company, eased 2 to 398p. Dollar weakness continued to unnerve broking issues where **PWS** lost 20 to 175p,**Sedgwick** 9 to 177p and **Willis Faber** 6 to 211p; rumours in the market yesterday suggested further imminent defections.

Volume was described as unusually low for the final session of a trading Account in the Brewery sector. Leading issues drifted a shade lower with **Bass** closing at 790p despite a securities house recommendation of the stock on the grounds of its relatively low US exposure. **Allied-Lyons** gave back some of Thursday's rise on stake-building speculation and settled at 329½p. Selected regional Brewers found sporadic support including **Greenall Whitley**, 4 better at 168p. **Matthew Brown** conceded defeat when the board advised shareholders to either accept the terms offered by **Scottish & Newcastle** or sell in the market for cash. Matthew Brown eventually rallied a few pence to 625p while S & N slipped back 6 to 209p. News that Fll-Fyffes had raised its shareholding to 20 per cent via a purchase from Development Capital Corporation failed to move **Irish Distillers**, unchanged at 180p.

Leading Buildings took Thursday's modest rally a stage further at the outset but, in the absence of any sustained buying interest, drifted back to close with little alteration on balance. **Blue Circle**, after early progress to 330p, subsequently closed a penny cheaper at 324p. **Redland** settled a couple of pence off at 375p and **RMC** shed 6 to 409p, while **BPB Industries** closed 6 cheaper at 258p, after 265p. **Magnet**, which earlier in the week called in the police in connection with a possible fraud within the company involving several several hundred thousand pounds, shed 8 to 171p. **Meyer International** eased 4 to 335p; the half-year results are due on November 17. Elsewhere, **Stanley Miller**, sharply lower on Thursday following a poor set of interim results, rallied 9 to 57p on recovery hopes. **John Mowlem** attracted occasional buying interest and rose 8 to 340p.

Renewed worries about the weakness of the US dollar prompted fresh selling of major overseas earner **ICI** which slipped to £10¼ prior to closing virtually unchanged at £10⅜. Elsewhere in the Chemical sector, **Laporte** edged up 2 to 374p, while old takeover favourite **Yorkshire** revived with a gain of 8 at 231p. **Sutcliffe Speakman**, which earlier in the week decided to finance its latest acquisition via a share placing rather than cash, shed 5 more to 85p.

Stores issues, regarded as having performed well during the recent market collapse, which has seen cuts in interest rates and the prospect of more cuts to come, suffered a general bout of profit-taking. **Marks and Spencer**, good performers since the rather disappointing interim figures of last week, were persistently sold by small investors and settled 5 off at 186p. **Storehouse** shares slipped 6 to 230p after the latest developments in the Benlox bid saga.

Elsehwere, **Martin Ford** dropped 2 to 35p after the interim results.

Electronics and electricals were mixed but generally showed a majority of falls at the close. **GEC**, after a turnover of well over 5m shares, slipped back 2 to 183p. **Thorn EMI**, a market favourite to rally after the severe falls in recent days, settled only 5 off at 454p.

Cable & Wireless hardened 2 to 297p.

Losses in the Engineering leaders were usually limited to a few pence or so. Secondary issues recorded occasional falls, but **VSEL Consortium** featured a rise of 20 at 510p on hopes of a submarine order from Canada. In contrast, **Staveley** fell 13 to 146p and **S.W. Wood** were noteworthy for a loss of 10 at 90p.

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Currency worries continued to overshadow dealings in the international stocks, but after a day of fluctuating fortunes, most quotations ended with little alteration. **Reed International**, however, remained a depressed market amid continuing concern about the company's exposure to the US and the share price dipped 13 more to 316p. There was another relatively good trade in **Hanson Trust** (8.3m) which ended 2 lower at 127p. **Wellcome**, scheduled to reveal preliminary figures next Thursday, gave up 4 to 323p, but **BOC**, also due to report annual results on the same day, closed 7 to the good at 330p.

US dollar considerations continued to unsettle a number of other stocks, with **British Aerospace** encountering fresh offerings at 290p, down 20. **English China Clays** were noteworthy for a fall of a similar amount at 338p, while the previous day's rally in **Cookson**, down 7 at 453p, proved to be short lived. Awaiting the interim figures scheduled for next Wednesday, **British Airways** were fairly briskly traded (some 4.9m shares changed hands) and closed 2 cheaper at 124p, the Monopolies and Mergers Commission's verdict on BA's bid for British Caledonian is also expected next week. **Hepworth Ceramic** held up reasonably well at 207p following news of the sale of its Bristol-based builders' merchants, Charles Cornish, for around £2.7m, while **Gestetner** closed a couple of pence better at 158p on the disposal J.A. Weir together with the leasing of Weir's property and plant to OVS Investment Corporation of Australia.

Reports that sales of new cars in the UK could rise to a record 2m this year gave much-needed stability to **Rover**, up 10 at 70p. But publicity about the adverse effects on future earnings of the ailing US dollar, which has caused analysts to downgrade profit projections, upset **Jaguar** which lost 11 more to 269p, only a few pence above the year's low point. Component issues also retreated, although closing losses were smaller than on recent occasions. **Dowty** shed 8 further to 1447p while **FR Group** gave up 10 at 258p. A similar trend among Distributors left **Appleyard** showing a loss of 8 at 280p. **T.Cowie**, still reflecting the rights issue flop, slid back 5 to 85p while **Trimoco** reacted 4 to 28p.

Worries about advertising prospects unsettled agencies and public relations groups **Boase Massimi** were hit hard, falling 65 to 228p, but sizeable losses were also seen in **Shandwick**, down 80 at 450p, and in **Addison Consultancy** 13 lower at 98p. **WPP**, still reflecting concern over recent US acquisitions, wilted 20 further to 365p while **VPI** came back 13 more to 185p and **WCRS** lost a similar amount to 188p. Newspapers continued move irregularly. **United** gaining 5 more to 443p and **Associated** falling 5 to 413p **William Collins** retreated 23 to 675p. Elsewhere, **Blenheim Exhibitions** eased to 445p awaiting Monday's preliminary results but **Chapman Industries** rallied 13 to 313p.

Trade in the Property sector tailed off and the leaders showed little alteration overall. **Rosehaugh** remained a subdued market and gave up 7 to 463p, while **Helical Bar** lacked support and fell 13 to 147p. Profit-taking in the wake of the excellent results left **Five Oaks** 5 cheaper at 70p, but recently dull **Wates City of London** improved 3 to 156p. **New Cavendish Estates** were unmoved at 165p following news of the 175p per share cash bid from US-based property concern Noro-Buckfield; the latter has already acquired 52.37 per cent of New Cavendish from Colloins and the bid is unconditional.

Sanderson Murray and Elder featured late in the Textile sector with a rise of 9 at 170p. after touching 175p, on the announcement that Allied Textile has acquired an 8.1 per cent stake in the company. Other movements in the sector were usually mixed. **Dawson** picked up to close 5 better at 199p, but **Early's of Whitney** ran into fresh selling and gave up 5 further to 85p.

Trading in **Bat Industries** remained reasonably brisk (some 6.9m shares changed hands) but the shares eventually gave up most of the previous previous day's gain to close at 427p.

Miscellaneous financials displayed a bias towards lower levels again. **British & Commonwealth** dipped 8 to 300p and **Aitken Hume** slipped 10 to 85p while **Antofagasta** gave up 23 at 180p. Increased mid-term profits failed to support **Henderson Administration**, down 25 at 750p, and **GT Management** eased to 195p despite a report of extensive salary-cutting; the interim figures are due on Tuesday. On a brighter note, **MAI** gained 12 to 485p and **Johnson Fry** rebounded 15 to 135p.

BP "new" touched 80p early on but later subsided to close a net penny off at 78½p

Traded option activity was well down on the previous day with contracts totalling 30,139 compared with over 50,000 on Thursday. Friday's call option total was 17,028 with puts at 13,111. The **FTSE** contract contributed 508 calls and 229 puts. **Marks and Spencer** attracted 2,242 calls and 2,352 puts and **GEC** registered 1,351 calls and 2,603 puts.

FINANCIAL TIMES STOCK INDICES

	Nov. 6	Nov. 5	Nov. 4	Nov. 3	Nov. 2	Year Ago	1987 High	1987 Low	Since Compilation High	Since Compilation Low
Government Secs.	91.12	91.47	90.51	90.14	89.76	82.58	93.32 (8/5)	89.73 (19/10)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	94.42	94.47	93.90	94.07	93.55	89.02	99.12 (15/6)	92.23 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1274.0	1287.9	1255.6	1286.1	1342.7	1317.2	1926.2 (16/7)	1255.6 (4/11)	1926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	261.6	273.5	279.2	305.6	314.9	300.1	497.5 (4/8)	261.6 (6/11)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div.Yield	4.84	4.80	4.93	4.81	4.60	4.31				
Earnings Yld. %(full)	12.04	11.93	12.26	11.96	11.43	9.95				
P/E Ratio (net)(*)	10.16	10.25	9.99	10.23	10.70	12.29				
SEAQ Bargains (5pm)	38,258	35,253	40,855	34,788	43,020	34,411				
Equity Turnover (£m)	-	1270.12	1774.63	1673.22	1162.30	1083.04				
Equity Bargains	-	42,599	45,633	48,460	63,413	49,029				
Shares Traded (ml)	-	639.7	806.9	893.2	555.0	515.4				

S.E ACTIVITY

Indices	Nov.5	Nov.4
Gilt Edged Bargains	174.3	186.5
Equity Bargains	276.0	295.7
Equity Value	2567.2	3587.0
5-Day average		
Gilt Edged Bargains	143.2	136.8
Equity Bargains	341.5	348.4
Equity Value	3009.4	3034.2

♥ Opening	10 a.m.	11 a.m.	Noon	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1291.1	1282.3	1269.8	1268.2	1273.4	1274.5	1273.3	1264.8

Day's High 1294.5 Day's low 1262.0

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, S E Activity 1974, * Nil=10.01.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

LONDON TRADED OPTIONS

Option		Calls Jan.	Calls Apr.	Calls Jly.	Puts Jan.	Puts Apr.	Puts Jly.
Allied Lyons (*326)	300	48	58	67	15	20	25
	330	28	40	50	30	40	45
	360	15	27	40	46	55	60
Brit. Airways (*125)	130	17	25	28	20	25	32
	140	12	20	20	28	35	37
	160	6	13	15	43	47	48
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		Calls Nov.	Calls Feb.	Calls May	Puts Nov.	Puts Feb.	Puts May
LASMO (*224)	200	35	—	—	13	—	—
	220	20	33	45	17	25	32
	240	11	23	35	27	35	42
Pilkington (*195)	180	25	40	50	8	20	25
	200	13	27	40	15	27	35
	220	6	20	32	30	42	45
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Traditional Options

● **First dealings Nov 02● Last dealings Nov 13● Last declarations Feb 04● For Settlement Feb 15** *For rate indications see end of London Share Service*

Stocks dealt in for the call included **Burnett and Hallamshire, Control Securities, Britsh Gas, Abaco, Regentcrest, Elswick, Butte, Attwoods, Stormgard, Bristol Channel, Amstrad, Astra Trust, Martin Ford, Tozer Kemsley, Glynwed, James Finlay, Polly Peck, J. Crowther, Charles Baynes, Markheath, Inoco, Marks and Spencer, Brent Walker, Amber Day, A. Walker, FKI, Ladbroke, Dee Corporation, Smith and Nephew, ASDA-MFI, Aran Energy, Benjamin Priest, Spong, Wellcome, Bryant Holdings, Lonrho, Tarmac, Powerscreen; Jaguar, Elswick and GEC.** No put or double options were reported.

NEW HIGHS AND LOWS FOR 1987

NEW HIGHS (3).

BRITISH FUNDS (3) Transport 3pc. 1978/88, Treas. 3pc. 1989, Treas. 2pc. IL 1988.

NEW LOWS (246).

AMERICANS (4) CANADIANS (8) BANKS (5) BREWERS (2) BUILDINGS (3) CHEMICALS (3) STORES (12) ELECTRICALS (18) ENGINEERING (10) FOODS (7) INDUSTRIALS (29) INSURANCE (6) LEISURE (7) MOTORS (2) NEWSPAPERS (2) PAPERS (11) PROPERTY (14) SHOES (1) TEXTILES (4) TRUSTS (26) OILS (10) OVERSEAS TRADERS (1) MINES (61) THIRD MARKET (1).

DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealing prices.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

‡ Bargains at special prices. ◆ Bargains done the previous day. A Bargains done with non-member or executed in overseas markets.

Corporation and County Stocks
No. of bargains included2

Greater London Council6¾% Stk 90/92 – £87
Birmingham Corp3% Stk 1947(or after) – £24 (30Oc87)
Lincoln Corp3% Red Stk 1919(or after) – £24 (4No87)
Manchester Corp4% Cons Ind Stk – £38 (30Oc87)
Nottingham Corp3% Stk (Irrd) – £25 (2No87)
Salford Corp5¾% Red Stk 86/88 – £96¾ (30Oc87)
Local Authority9 15/16% Bds 26/7/88 – £101 (30Oc87)

UK Public Boards
No. of bargains included3

Agricultural Mortgage Corp PLC4½% Deb Stk 61/91 – £82 (2No87)
5½% Deb Stk 93/95 – £80 (2No87)
6¾% Deb Stk 92/94 – £79 (3No87)
6¾% Deb Stk 85/90 – £88½ (2No87)
7¼% Deb Stk 91/93 – £86 7 (4No87)
10¼% Deb Stk 92/95 – £96
Clyde Port Authority3% Ind Stk – £26
4% Ind Stk – £30
Metropolitan Water East London Water Works Co 3% Deb Stk – £46 (4No87)
Port of London Authority6¼% Reg Stk 87/90 – £88¾ (4No87)

Foreign Stocks, Bonds, etc–(coupons payable in London)
No. of bargains included10

Bahia(State of)Brazil5% Gold Ln 1904(now 1½%) – £70 (2No87)
5% Gold Ln 1913(now 1¼%) – £36 (4No87)
Greece,(Kingdom of)5% 1881 Stg Fdg Bds of 1965 – £40 (2No87)
5% 1884 Stg Fdg Bds of 1965 – £50 (2No87)
4% Rentes 1889 Stg Fdg Bds of 1965 – £38 (2No87)
5% 1890 Stg Fdg Bds of 1965 – £45 (2No87)
5% Fdg Ln 1893(Assd with Accept Cert) – £45 (2No87)
5% Nat Ln 1907(Assd with Accept Cert) – £44 (2No87)

(30Oc87)
11.5% Ln Stk 2003 – £113¾ ½ ¾ ¾
Ireland 12½% Ln Stk 2008(Reg) – £117¾ ¾ ¾
Malaysia 10¾% Ln Stk 2009(Br) – £99¾ (2No87)
New Zealand 11½% Stk 2014(Reg) – £112¾
Nova Scotia(Province of)11¾% Ln Stk 2019 – £111¾ ½ (3No87)
16¾% Ln Stk 2011 – £153¾ 4 ¾ ½ ¾
Petroleos Mexicanos14½% Ln Stk 2006 – £73¾ (3No87)
Portugal(Rep of)9% Ln Stk 2016(Reg) – £87¾
Province de Quebec12¾% Ln Stk 2020 – £118¾ ¾
Spain(Kingdom of)11¾% Ln Stk 2010(Reg) – £111¾ 2 (4No87)
12% Ln Stk 1988(Reg) – £101¾ (2No87)
Sweden(Kingdom of)9¾% Ln Stk 2014(Reg)

3¾% Ird Deb Stk – £38 (3No87)
US WEST,Inc Shs of Com Stk of NPV – $51¾ (2No87)

Water Works
No. of bargains included14

Bournemouth & District Water Co2.8%(Fmly 4%)Prf Stk – £36 (2No87)
Bristol Waterworks Co3.5%(Fmly 5%)Cons Prf Stk – £50 (2No87)
Cambridge Water Co3.5%(Fmly 5%)Cons Ord Stk – £120 (2No87)
7¾% Red Deb Stk 88/90 – £95¾
Chester Waterworks Co3.15%(Fmly 4½%)Prf Stk – £40 (2No87)
Colne Valley Water Co"C" 7%(Fmly 10%)Ord Stk – £170 (2No87)
4% Cons Deb Stk (Irrd) – £35 (3No87)
East Anglian Water Co3.5%(Fmly 5%)Cons Ord Stk – £160
4% Perp Deb Stk(April & October) – £38 (2No87)
East Worcestershire Waterworks Co – £160
3.85%(Fmly 5½%)Prf Stk – £45 (2No87)
3% Ird Deb Stk – £20 (3No87)
Eastbourne Waterworks Co5.6%(Fmly 8%)Red Prf Stk 86/88 – £92 (4No87)
Essex Water Co10% Deb Stk 92/94 – £109¾
Folkestone & District Water Co7%(Fmly 10%)Max Ord £10 – £23
4.9%(Fmly 7%)Max New Ord £10 – £11 (2No87)
3.5%(Fmly 5%)Max Ord £10 – 600 (2No87)
7% Red Deb Stk 88/89 – £93
Mid Kent Water Co3.5%(Fmly 5%)Cons Ord Stk – £135 (2No87)
North Surrey Water Co7% Ord Stk – £170 (2No87)
4.9% B Ord Stk – £230 50 (30Oc87)
3.5% Ord Stk – £90
9¾% Red Deb Stk 94/96 – £91 (30Oc87)
Portsmouth Water Co3% Perp Deb Stk – £25 (2No87)
Rickmansworth Water Co4% Mtg Debs 07/28 Iss – £25 (2No87)
7½% Red Deb Stk 91/93 – £80 (30Oc87)
South Staffordshire Waterworks Co – £120 (2No87)
4% Perm Deb Stk – £35 (2No87)
7% Red Deb Stk 88/90 – £91½
Sutton District Water Co4.9%(Fmly 7%)Ord Stk – £100 (2No87)
Tendring Hundred Waterworks Co4.2%(Fmly 6%)Prf £10 – 500 (2No87)
Wrexham & East Denb Water Co3½% Cons Deb Stk – £27 (2No87)

USM Appendix
No. of bargains included1888

American Plastic Technologies IncShs of Com Stk $.001 – 70 (3No87)
Avesco PLCCum Ptg Cnv Red Prf 1987 1p – 80 5
Banner Homes Group PLCNew Ord 10p (Fp/LA-6/11/87) – 103 (3No87)
Biomechanics International PLCOrd 5p – 22
Chartsearch PLCNew Ord 1p (Fp/RLA-28/11/87) – 22¾ 3 ¾ 4 ¾
Company of Designers PLCOrd 5p – 102 3 5 7 8
Corporate Estates Properties PLCWarrants to sub for Ord – 35 (2No87)
Cramphorn PLCOrd 50p – 670
Exploure Holdings PLCOrd 5p – 19 20 20 ¾‡ ¾‡ 1 2
Fairway (London) PLCNew Ord 5p (Fp/LA-9/12/87) – 78
Gibbs Mew PLCOrd 25p – 220 (3No87)
"A" Lim Vtg Ord 25p – 685 (4No87)
Hornby Group PLCOrd 5p – 135 8 40
Johnson Fry PLCOrd 10p – 100 28
Marcol Group PLCOrd 5p – 88
RKF Group PLCOrd 10p – 90 100
Randsworth Trust PLC7% Cum Cnv Red Prf £1 – 80
Rivlin PLC5.125% (Net) Cnv Cum Red Prf £1 – 63 5 7 70
Ross Consumer Electronics PLCOrd 10p – 200
Security Archives (Hldgs) PLCNew Ord 20p (Fp/LA-20/11/87) – 172
Shield Group PLC5.84% Net Cnv Cum Red Prf £1 – 88 (3No87)
Sigmex International PLCOrd 10p – 73
Splash Products PLCOrd 10p – 65 (2No87)
Stanhope Properties PLCNew Ord 25p (Fp/LA-12/11/87) – 135¾ 47 50 50 2 2 5 6
Swindon Private Hospital PLCOrd £1 – 160 (4No87)
Tubular Exhibition Group PLCNew Ord 5p (Fp/LA-20/11/87) – 21 2
URS International IncNew Shs of Com Stk $0.01 (Fp/LA-9/11/87) – 68 70 (4No87)
WSP Holdings PLCOrd 5p – 58 (4No87)
Yelverton Investments PLC8% Cnv Uns Ln Stk 1997 – £97 (2No87)

The Third Market Appendix
No. of bargains included68

Kemp (P.E.) Hldgs PLCOrd 5p – 55 (4No87)

RULE 535 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

Aberfoyle 170
Abitibi Price 925◆
Acmex Hldgs 50◆ (4/11)
Aetna Secs 32◆ 5◆ 302 5 7‡
Albertson's Inc £13¾ $25½ (4/11)
Amatil 200
American Barrick Resources Corp Com NPV 925
Ampol Exploration A$2.683 (30/10)
Amsterdam-Rotterdam Bank Fl 59.36 59¼ 59.95 60.0
Applied Magnetics Corp £12¾
Aust Foundation Inv 51 (30/10)
Aust Oil & Gas 56 (3/11)
Beverly Enterprises $8⅞◆
C.S.F. (Thomson-C.S.F.) Fr 775◆ 790◆ Fr 750‡ 765‡
Central Norseman Gold A$1.7◆ A$1.62 1.653
Cerebos Pacific 106◆ (3/11)
Churchill Resources 22◆ (4/11)
Cold Storage (Malaysia) Bnd S$ 4.1 4.9
Conex Aust SA 0.041 0.049
Daicel Chemical Indust Y638.9
Development Bank of Singapore S$ 8.955
Du Pont (E.I.) De Nemours $90◆ 90.34◆ 90⅜◆ 90¼◆ 90¾◆ 91◆
Dynatech Corp £10¾ (3/11)
Emali Ord Stk 95 (4/11)
Energy Oil & Gas $A0.151 (30/10)
Forest Laboratories 910◆
Free State Cons Gold Mines (R0.50) $11½◆ $12¼
Golconda Minerals 17½
Great Eastern Mines 3.7 A$0.092 (30/10)
Greenbushes Tin 27 (30/10)
Groupe Bruxelles Lambert B/2587.04
Hang Lung Development HK$3⅞ 3.9 (2/11)
Hexcel Corp $32¼◆ 32¼◆ 32⅜◆ 32½◆ 32.51◆ 32⅞◆ 33◆ 33½◆ (30/10)
Hooker Corp 85◆ (3/11)
Horizon Pacific A$0.3 (30/10)
Hunter Resources 28◆ (3/11)
Hysan Development 6◆ (3/11)
Int Mining 8◆
Invincible Gold NL Ord A$0.30 (A$0.20) 7◆ 13◆ 14◆
Japan Radio Co Y1,142 (4/11)
Jardine Matheson Finance Wrnts 10½◆ (2/11)
Jones (David) 270
Kalgoorlie Resources A$0.207 (4/11)
Kansai Electric Power Co Y328.12
Keystone International $14⅝◆ 14¾◆
Kulim Malaysia Ord 30◆ 30 (3/11)
Loral Corp $29½◆ (3/11)
Matsushita Electric Industrial Y1952.05 1950 1965.21
Mid-East Minerals 25 (30/10)
Mitsubishi Heavy Inds Y600◆ Y632.135, 632.93, 633.23 (30/10)
Mount Carrington Mines 80
NZ Forest Products NZ$4 (3/11)
National Electronics (Cons) 6
Nationale-Nederlanden CVA (Fl2.5) £13 13.34 Fl46.1
New Town (NT) Properties HK$3⅞ (3/11)
Night Hawk Resources 33 (2/11)
Oil Search 60◆ 50
Ollmet Invsts 8◆ 8½ (4/11)
Palabora Mining $8½ R31¾ (3/11)
Pan Australian Mining 128◆ (3/11)
Pargesa Hldgs SA SF1518.572◆ (30/10)
Pechiney Ugine Kuhlmann Fr 9.905◆
Pioneer Electronic Corp Y2126◆ 2080 2100
Poseidon 104 115 $A2.85 2.9 3.024
Royex Gold Mining Corp C$5.985◆ (4/11)
Schering-Plough Corp $45⅛◆ 45⅝◆ £24¾
Sky Line Explortn Com NPV C$10¾◆ 10⅝◆ £4.37 (30/10)
Societe Nationale Elf Aquitaine $46.1‡ Fr 260‡ 264‡ 265‡ 266‡ 267‡
Source Perrier FFr 640 (4/11)
Southern Ventures 7 8
Southwest Gold Mines NL 6 (3/11)
Sun Hung Kai Properties HK$8.738 8¾ (3/11)
Swire Pacific 'B' $14, 2½ (4/11)
Target Petroleum Ord 32◆ 38◆ 40 (3/11)
Target Petroleum (A$0.15) 19◆ 15 (4/11)
Victoria Exch 8◆ 8¾ (3/11)
Vulcan Minerals 20
Wallace Computer Services $34
Wattle Gully Gold Mines A$0.178 (3/11)
Westfield Minerals C$2.2◆ p95◆ p90
Wharf Hldgs HS$5.05 5.153
Wong Industrial Hldgs 8◆ (4/11)
Woolltru Class 'A' R13.65 (3/11)

RULE 535 (2)

Applications granted for specific bargains in securities not listed on any exchange

Adnams B £16 17 (3/11)
All England Lawn Tennis Gnd. £500 Dbs 1986-90 (£862 pd.) £23,000 500
Amal. Metal Corp 200 10 (2/11)
Ann Street Brewery 685 725
Aurora 6½pcPf 83½ (2/11)
Avis Europe 10¼pcPf 107 8 (2/11)
Barbican Hldgs 3½
Bolton House Invs 100 (30/10)
Carrara 14 6 (30/10)
Channel Island Communications 475
Coalster Tst New 15
Dart Valley Light Rlwy 190 210 (2/11)
Gale (G.) 370 400
Greenstar Hotels 43 (4/11)
Guernsey Gas Light 471 (3/11), Do. New 471 (3/11)
Jersey Gas 5pcPf 24
Jersey New Waterworks 10pcMort.Db. 1988/90 94 (30/10)
Kenick Leisure 45 8
Le Riches Stores 400
Lon. and Overseas Land 100
London Wall Hldgs 267 70 (4/11)
North Sea & Gen Oil Invs 10pcCnv 1992 6 7 ½ 8 ½ 9 (4/11)
Norton Villiers Triumph 6 8
Rangers FC £12½
Shepherd Neame 475 6
Southern Newspapers 340 55
Thwaites (Daniel) 800 10 (3/11)
Villiers Hotel 45 (3/11)
Wactable A (non-vtg) 350
Winsch 79 87

RULE 535 (3)

Dealings for approved companies engaged solely in mineral exploration

Kenmare Resources Ord Ir£0.25 30

By permission of the Stock Exchange Council

WORLD MARKETS

FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY NOVEMBER 5 1987					WEDNESDAY NOVEMBER 4 1987			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1987 High	1987 Low	Year ago (approx)
Australia (90)	94.51	-2.0	78.47	92.81	4.23	96.47	81.85	95.10	180.81	94.51	92.56
Austria (16)	93.47	+0.2	77.61	81.68	2.50	93.31	79.17	83.12	102.87	85.53	91.42
Belgium (48)	99.31	-0.9	82.46	87.06	5.39	100.24	85.04	88.87	134.89	96.19	89.58
Canada (127)	102.05	-0.6	84.74	98.36	3.14	102.66	87.10	98.42	141.78	98.15	100.10
Denmark (38)	109.44	+0.5	90.87	96.71	3.01	108.94	92.43	97.76	124.83	98.18	94.40
France (120)	86.35	+2.5	71.70	76.39	3.47	84.23	71.46	76.96	121.82	79.10	92.31
West Germany (93)	78.51	+0.1	65.19	68.08	2.72	78.41	66.52	69.79	104.93	77.58	92.25
Hong Kong (46)	75.82	-5.2	62.96	76.00	6.36	79.97	67.85	80.19	158.68	75.82	86.89
Ireland (14)	101.58	+1.0	84.35	90.02	4.89	100.59	85.34	91.18	160.22	99.50	86.00
Italy (95)	75.88	-1.5	63.01	70.10	2.67	77.04	65.37	72.64	112.11	75.88	101.58
Japan (458)	137.26	+0.3	113.97	116.70	0.58	136.79	116.05	118.59	161.28	100.00	86.55
Malaysia (36)	105.80	-2.6	87.85	101.60	3.56	108.61	92.15	104.77	193.64	98.24	103.48
Mexico (14)	202.01	-11.9	167.74	367.08	0.82	229.32	194.56	415.46	422.59	99.72	88.74
Netherland (37)	95.90	+3.2	79.63	82.28	5.32	92.89	78.80	81.55	131.41	92.89	94.32
New Zealand (23)	78.06	-3.1	64.82	67.45	4.54	80.58	68.36	69.58	138.99	78.06	91.19
Norway (24)	115.07	-4.0	95.55	100.31	2.71	119.92	101.74	105.06	185.01	100.00	102.98
Singapore (27)	96.39	-3.1	80.04	91.24	2.62	99.50	84.41	94.38	174.28	90.19	103.04
South Africa (61)	112.46	-6.8	93.38	84.07	5.03	120.66	102.37	90.96	198.09	100.00	97.22
Spain (43)	128.32	+0.4	106.55	109.94	3.66	127.78	108.41	110.50	168.81	100.00	86.54
Sweden (34)	97.39	-0.4	80.87	87.41	2.59	97.74	82.93	88.88	136.64	90.85	103.11
Switzerland (53)	81.73	+0.2	67.86	69.31	2.33	81.58	69.22	71.42	111.11	80.90	90.71
United Kingdom (332)	119.02	+3.8	98.82	98.82	4.52	114.62	97.24	97.24	162.87	99.65	95.51
USA (583)	103.74	+2.1	86.14	103.74	3.53	101.56	86.16	101.56	137.42	92.83	102.27
Europe (947)	98.72	+2.1	81.97	84.45	3.87	96.73	82.06	84.64	130.02	96.73	94.42
Pacific Basin (680)	133.39	+0.2	110.76	114.42	0.79	133.17	112.98	116.38	158.77	100.00	86.89
Euro-Pacific (1627)	119.56	+0.8	99.28	102.46	1.81	118.62	100.64	103.71	143.65	100.00	89.87
North America (710)	103.64	+2.0	86.06	103.46	3.50	101.61	86.21	101.40	137.55	93.20	102.16
Europe Ex. UK (615)	86.13	+0.6	71.52	75.54	3.31	85.64	72.66	76.91	111.97	84.82	93.78
Pacific Ex. Japan (222)	86.68	-3.2	71.98	84.66	4.78	89.51	75.95	87.63	164.03	86.68	91.20
World Ex. US (1829)	118.93	+0.6	98.75	102.28	1.88	118.16	100.25	103.58	143.38	100.00	90.32
World Ex. UK (2080)	112.46	+0.9	93.38	103.37	2.25	111.46	94.56	103.61	138.82	100.00	94.93
World Ex. So. Af. (2351)	113.03	+1.2	93.85	103.00	2.45	111.65	94.73	103.01	139.47	100.00	94.96
World Ex. Japan (1954)	101.43	+1.7	84.22	95.88	3.69	99.72	84.60	94.98	134.22	96.44	99.02
The World Index (2412)	113.03	+1.2	93.85	102.89	2.46	111.71	94.78	102.95	139.73	100.00	94.97

Base values: Dec 31, 1986 = 100

New York market closed at 15:00 hrs local time November 5.

Latest prices were unavailable for this edition.

EUROPEAN OPTIONS EXCHANGE

Series		Nov 87 Vol.	Nov 87 Last	Feb 88 Vol.	Feb 88 Last	May 88 Vol.	May 88 Last	Stock
GOLD C	$420	174	408	—	—	—	—	$460.25
GOLD C	$440	52	228	—	—	—	—	"
GOLD C	$460	189	9	43	28	—	—	"
GOLD C	$480	55	28	30	20	55	31B	"
GOLD C	$400	—	—	148	3.80	—	—	"
GOLD C	$420	—	—	4	7.50	60	9.70	"
GOLD P	$440	81	2.50	242	14	46	16.50	"
GOLD P	$460	294	8	32	21.50	—	—	"
GOLD P	$480	—	—	101	30A	152	32	"
GOLD P	$500	—	—	—	—	260	45	"
		Nov. 87		Dec. 87		Jan. 88		
EOE Index C	Fl.185	97	3.30	2	7	33	10	Fl.171.63
EOE Index C	Fl.260	100	0.10	4	0.40	—	—	"
EOE Index P	Fl.165	—	—	115	4.50	66	11	"
EOE Index P	Fl.185	138	15.50	50	20	15	19.50	"
$/Fl C	Fl.190	34	2	177	3A	16	4.60	Fl.188
$/Fl C	Fl.195	120	0.60	189	1.75	1011	2.30	"
$/Fl C	Fl.200	8	0.40	124	1	22	1.30B	"
$/Fl P	Fl.185	126	1.50	2581	3A	135	3.45	"
$/Fl P	Fl.190	329	3.70	466	4.60	53	5.60	"
$/Fl P	Fl.190	95	7	192	8	3	8.50	"
$/Fl P	Fl.200	33	11.60	1882	12.20	94	12.50	"
$/Fl p	Fl.205	180	16.30	193	17	—	—	"
$/Fl p	Fl.210	65	21.30	105	22	—	—	"
$/Fl p	Fl.215	—	—	80	27	—	—	"
		Mar. 88		June 88		Sept. 88		
$/Fl C	Fl.195	9	3.50A	45	4.80	11	5.40	Fl.188
$/Fl C	Fl.200	852	2.30	4	3	—	—	"
$/Fl C	Fl.210	829	0.70B	17	1.40	—	—	"
$/Fl P	Fl.185	51	5.40	20	6.30	—	—	"
$/Fl P	Fl.200	106	14.50	20	15.80	12	18	"
$/Fl P	Fl.205	14	18	50	19.50	—	—	"
$/Fl P	Fl.210	50	23	—	—	—	—	"
		Jan. 88		Apr. 88		Jul. 88		
ABN C	Fl.52	402	0.30	—	—	—	—	Fl.37.80
ABN P	Fl.48	151	11.50	255	10.80	—	—	"
AEGON C	Fl.60	54	3.20	—	—	—	—	Fl.54.50
AKZO C	Fl.120	259	3.10	41	6.60	2	8	Fl.94
AKZO P	Fl.90	138	6.90	15	9.50	—	—	"
AMEV C	Fl.45	162	2.20	8	3.30	—	—	Fl.40
AMRO C	Fl.80	14	0.50	100	1.40	—	—	Fl.60.60
AMRO P	Fl.70	77	11A	—	—	2	12B	"
ELSEVIER C	Fl.45	94	2	19	3.60	—	—	Fl.37.70
GIST-BROC. C	Fl.50	96	0.90	—	—	—	—	Fl.30
GIST-BROC. P	Fl.35	56	6.50	—	—	—	—	"
HEINEKEN C	Fl.140	56	5.50	17	10.30	—	—	Fl.123.70
HEINEKEN P	Fl.110	90	7	20	9	—	—	"
HOOGOVENS C	Fl.30	98	3.50	—	—	—	—	Fl.28.40
HOOGOVENS P	Fl.27.50	77	2.70	—	—	—	—	"
KLM C	Fl.40	293	1.20A	38	2.40	5	3.20	Fl.29.40
KLM P	Fl.30	1251	3.90	7	4.50	—	—	"
NEDLLOYD P	Fl.120	99	10.50	4	13.50	—	—	Fl.121
NAT NED C	Fl.50	83	4.20A	12	5.20	—	—	Fl.47.30
NAT NED P	Fl.50	359	6	2	7	—	—	"
PHILIPS C	Fl.45	792	0.50	281	0.80	2	1.70	Fl.30.50
PHILIPS P	Fl.30	140	2.80B	391	4.30	48	5	"
ROYAL DUTCH C	Fl.210	315	11	1	17.50	3	25	Fl.204.50
ROYAL DUTCH P	Fl.190	334	7	20	9	—	—	"
ROBECO C	Fl.105	180	1	—	—	—	—	Fl.81.30
UNILEVER C	Fl.120	70	3.50	46	8.20	27	11	Fl.103
UNILEVER P	Fl.132	237	34	—	—	—	—	"

TOTAL VOLUME IN CONTRACTS: 93,256

A=Ask B=Bid C=Call P=Put

BASE LENDING RATES

	%		%		%
ABN Bank	9	● Charterhouse Bank	9	Nat Bk. of Kuwait	9
Adam & Company	9½	Citibank NA	9	NatWestminster	9
Allied Arab Bk Ltd	9½	City Merchants Bank	9	Northern Bank Ltd	9
Allied Dunbar & Co	9	Clydesdale Bank	9	Norwich Gen. Trust	9
Allied Irish Bank	9	Comm. Bk. N. East	9½	PK Finans. Intl (UK)	9½
American Exp. Bk	9	Consolidated Cred	9	Provincial Trust Ltd	10½
Amro Bank	9	Co-operative Bank	* 9	R. Raphael & Sons	9
Henry Ansbacher	9½	Cyprus Popular Bk	9	Roxburghe G'rantee	10½
ANZ Banking Group	9	Duncan Lawrie	9	Royal Bk of Scotland	9
Associates Cap Corp	10	Equat'r'l Tst C'p plc	9½	Royal Trust Bank	9
Authority & Co Ltd	9	Exeter Trust Ltd	9½	Smith Williams Secs	9
Banco de Bilbao	9	Financial & Gen. Sec	9½	Standard Chartered	9
Bank Hapoalim	9	First Nat. Fin. Corp	10½	TSB	9
Bank Leumi (UK)	9	First Nat. Sec. Ltd	10½	UDT Mortgage Exp	¶11.1
Bank Credit & Comm	9½	● Robert Fleming & Co	9	United Bk of Kuwait	9
Bank of Cyprus	9½	Robert Fraser & Ptrs	10	United Mizrahi Bank	9
Bank of Ireland	9	Girobank	9	Unity Trust PLC	9
Bank of India	9½	Grindlays Bank	9	Western Trust	9
Bank of Scotland	9	● Guinness Mahon	9	Westpac Bank Corp	9
Banque Belge Ltd	9	HFC Trust & Savings	9	Whiteaway Laidlaw	9½
Barclays Bank	9	● Hambros Bank	9	Yorkshire Bank	9
Benchmark Tst Ltd	9½	Heritable & Gen. Tst	9½		
Beneficial Trust Ltd	11	● Hill Samuel	§ 9		
Berliner Bank AG	9	C. Hoare & Co	9		
Brit Bk of Mid East	9	Hongkong & Shangh	9		
● Brown Shipley	9	Lloyds Bank	9½		
Business Mtge Tst	9	Meghraj & Sons Ltd	9		
CL Bank Nederland	9	Midland Bank	9		
Central Capital	9	● Morgan Grenfell	9		
Cayzer Ltd	9	Mt Credit Cpn Ltd	10		

● Members of the Accepting Houses Committee. * 7-day deposits 5%. Sureseine 7.66%. Top Tier—£2,500+ at 3 months' notice 9.31%. At call when £10,000+ remains deposited. ¶ Mortgage base rate. § Demand deposit 4.49%. Mortgage 11.125%.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Stock	Volume 000's	Stock	Volume 000's
ASDA-MFI	2,100	English China Clays	1,100	Plessey	4,700
Allied-Lyons	1,700	Enterprise Oil	370	Prudential	521
Amstrad	2,600	Fisons	848	Racal	4,700
Argyll Group	2,100	Gen. Accident	530	Rank Org.	654
Assoc. Brit. Foods	287	Gen. Elect	5,300	RMC	402
BAA	10,900	Glaxo	3,200	RHM	1,400
BAT	6,900	Globe Investment	123	Reckitt & Col.	340
BET	2,200	Granada	499	Redland	552
BICC	639	Grand Met	2,300	Reed Intl.	915
BOC	2,200	GUS A	353	Reuters	613
BPB Inds	476	Guardian R.E.	859	RTZ	1,000
BTR	2,300	GKN	2,100	Rolls-Royce	6,500
Barclays	1,400	Guinness	3,600	Rothmans	376
Bass	656	Hammerson	60	Rowntree	343
Beecham	4,000	Hanson Trust	9,500	Ryl Bank Scotland	860
Blue Arrow	2,800	Hawker Sidd	1,000	Royal Insurance	747
Blue Circle	1,300	Hillsdown Hldgs	3,400	STC	2,200
Boots	1,800	IMI	1,000	Saatchi & Saatchi	1,200
Brit. Airways	4,600	ICI	1,900	Sainsbury	2,800
Brit. Aero	3,400	Jaguar	2,800	Scott & Newcastle	597
Brit. & Comm.	1,000	Ladbroke	2,000	Sears	2,120
British Gas	11,000	Land Securities	2,300	Sedgwick	1,800
Britoil	2,800	Laporte	38	Shell Trans.	2,400
BP	12,000	Legal & Gen.	904	Smith & Nephew	3,900
Brit. Telecom	7,900	Lloyds Bank	2,600	Standard Chart.	1,800
Bunzl	441	LASMO	437	Storehouse	10,000
Burmah Oil	1,400	Lonrho	3,200	Sun Alliance	789
Burton	1,400	Lucas	549	TSB	8,400
Cable & Wire	5,000	MEPC	1,400	Tarmac	676
Cadbury Schwps	3,100	Marks & Spencer	4,200	Tesco	2,500
Coats Viyella	1,200	Maxwell Comm.	3,600	Thorn EMI	1,700
Comm. Union	1,600	Metal Box	232	Trafalgar House	3,900
Cons. Gold	1,300	Midland Bank	3,800	T'house Forte	4,100
Cookson	1,100	NatWest Bank	2,300	Ultramar	495
Country & New.T	5	Next	2,600	Unilever	811
Courtaulds	815	Northern Foods	338	United Biscuits	791
Dalgety	2,200	Pearson	652	Wellcome	486
Dee Corpn	3,600	Pearl Assurance	160	Whitbread A	468
Dixons Group	3,900	P & O	597	Woolworth	1,900
		Pilkington Bros	5,800		

LEADERS AND LAGGARDS

Percentage changes since December 31 1986 based on Thursday November 5 1987

Publishing and Printing	+12.29	All-Share Index	- 1.28
Overseas Traders	+11.39	Telephone Networks	- 1.35
Property	+ 7.16	Electricals	- 1.48
Mining Finance	+ 6.34	Industrial Group	- 1.87
Oils and Gas	+ 6.14	Chemicals	- 3.09
Insurance (Composite)	+ 6.06	Financial Group	- 3.13
Metals and Metal Forming	+ 6.03	Other Groups	- 3.23
Shipping and Transport	+ 5.06	Electronics	- 3.37
Food Retailing	+ 4.08	Brewers and Distillers	- 3.76
Merchant Banks	+ 3.77	Other Industrial Materials	- 5.11
Textiles	+ 3.42	Conglomerates	- 5.86
Food Manufacturing	+ 1.65	Capital Goods	- 6.17
Health and H'shold Products	+ 1.41	Packaging and Paper	- 6.21
Insurance (Life)	+ 1.19	Gold Mines Index	- 9.03
Consumer Group	+ 1.10	Investment Trusts	-10.06
Leisure	+ 0.56	Banks	-14.20
Building Materials	- 0.04	Agencies	-17.43
Stores	- 0.12	Motors	-18.12
500 Share Index	- 0.72	Mechanical Engineering	-22.07
Contracting, Construction	- 1.26	Insurance Brokers	-46.66

BANK RETURN

BANKING DEPARTMENT	Wednesday November 4, 1987	Increase (+) or decrease (—) for week	
LIABILITIES	£		£
Capital	14,553,000	—	—
Public Deposits	93,602,165	+	2,403,430
Bankers Deposits	1,045,034,320	—	73,633,146
Reserve and other Accounts	1,950,807,159	—	16,582,831
	3,103,996,644	—	87,812,547
ASSETS			
Government Securities	861,323,181	—	101,835,000
Advance and other Accounts	1,446,521,285	+	436,133,474
Premises Equipment & other Secs	791,662,486	—	420,082,441
Notes	4,227,823	—	2,019,010
Coin	261,869	—	9,570
	3,103,996,644	+	87,812,547

ISSUE DEPARTMENT			
LIABILITIES	£		£
Notes in Circulation	13,265,772,177	+	12,019,010
Notes in Banking Department	4,227,823	—	2,019,010
	13,270,000,000	+	10,000,000
ASSETS			
Government Debt	11,015,100	—	
Other Government Securities	9,502,512,994	+	1,583,489,471
Other Securities	3,756,471,906	—	1,571,489,471
	13,270,000,000	+	10,000,000

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

[illegible]

FT UNIT TRUST INFORMATION SERVICE

Mercury Fund Managers Ltd —Contd.

Gilt	95.4	95.8	+1.7	7.20
(Accum Units)	113.5	114.0	+2.1	7.20
Global Fund	38.3	40.5	+0.0	0.84
(Accum Units)	38.3	40.5	+0.0	0.84
High Income Fund	42.7	45.1xd	+0.3	5.76
(Accum Units)	43.9	46.4xd	+0.4	5.76
High Interest Fund	46.4	49.1xd	+0.1	9.07
(Accum Units)	47.9	50.6xd	+0.1	9.07
Income	92.0	96.2	+0.3	4.20
(Accum Units)	105.2	111.3	+0.4	4.20
International	238.7	252.5	+2.3	2.80
(Accum Units)	299.2	316.5	+3.0	2.80
Japan	167.5	177.2	+0.5	0.89
(Accum Units)	171.9	181.9	+0.3	0.89
Pacific Fund	31.8	33.6	+0.1	0.20
(Accum Units)	31.8	33.6	+0.1	0.20
Recovery	213.9	226.3xd	−0.5	3.24
(Accum Units)	236.4	248.0xd	−0.5	3.24
UK Smaller Co's Fund	40.4	42.7	−0.2	2.20
(Accum Units)	40.8	43.1	−0.2	2.20

Merlin Fund Mngmnt Ltd
30 St James St, London SW1A 1HB 01-925 1277

Merlin Nov 4	439.5	466.05	—	1.51

Metropolitan Unit Trust Mngrs Ltd
3 Darkes Lane, Potters Bar EN6 1AJ. 0707 45186

UK Income Fund	45.9	48.8	−0.2	6.15
Accum Units	46.4	49.3	−0.2	6.09
UK Growth Fund Acc	39.2	41.6	−0.3	2.40
Global Income Fund	43.3	46.0	+0.1	4.55
Accum Units	43.3	46.0	+0.1	4.55
Global Growth Fund	35.7	37.9	+0.5	0.66

Midland Bank Group UT Mngrs. Ltd
Courtwood House, Silver St, Head, Sheffield S1 3RD.
Tel: 0742 769842

Capital	85.9	91.1	−2.4	1.48
(Accum Units)	118.9	126.1	−3.4	1.48
Commodity & Gen.	129.5	137.4xd	−3.7	1.97
(Accum Units)	186.5	197.9	−5.4	1.97
European Growth	95.89	101.6	−2.8	1.38
(Accum Units)	115.7	122.7	−3.5	1.38
Extra High Inc	63.0	66.9xd	[illegible]	7.44

Provident Mutual Unit Trust Managers Ltd.
25-31 Moorgate, London, EC2R 6BA. 01-588 3960

PM Equity Growth	91.5	97.4	+0.2	1.90
PM Income and Growth	81.7	87.0	+0.3	3.79
PM N American Growth	41.4	44.0	+0.7	0.45
PM European Growth	38.6	41.0	−0.7	0.76
PM Japan Growth	59.2	62.9	−0.3	0.42
PM Overseas Growth	42.5	45.2	+0.3	0.56

Prudential Holborn Unit Trusts Ltd(a) (b) (c)
51-69 Ilford Hill, Ilford, Essex IG1 2DL 01-478 3377
Holborn LinkLine 0800 010345

Holborn Comm Tst	53.9	57.9	−0.8	0.53
Holborn Equity Income	59.1	59.2xd	−0.7	4.36
Holborn Equity Tst	417.6	443.9xd	+2.1	3.06
Holborn European Tst	87.4	93.6	−0.9	0.90
Holborn High Inc Tst	72.5	77.7xd	−0.1	5.95
Holborn Intl Grth Tst	90.4	97.29	+1.1	0.98
Holborn Intl Sm Co	38.0	40.6	+0.2	0.06
Holborn Japanese Tst	112.2	120.2	−0.7	0.05
Holborn N. Amer Tst	64.7	71.3xd	+2.0	0.68
Holborn Premier Inc	44.3	46.4	—	7.50
Holborn Sm Cos Tst	36.8	40.1xd	−0.3	1.70
Holborn Spec Sits Tst	64.1	69.6	−0.1	2.10
Holborn UK Growth Tst	77.5	82.9	+0.8	2.26

Quilter Management Co Ltd
31-45 Gresham Street, London EC2 01-600 4177

Quadrant Gen. Fd	477.7	505.5xd	−47.6	1.91
Quadrant Income	254.6	269.5	−10.5	4.91
Quadrant Intl. Fund	331.8	353.5	−27.5	1.48
Quadrant Spec. Sits	304.0	321.7	−30.8	1.88

Reliance Unit Mgrs. Ltd
Reliance House, Tunbridge Wells, Kent. 0892 510033

British Life	171.7	184.7xd	+1.5	3.67
Reliance Unit Tst Inc	118.2	125.6xd	+0.5	2.76
Reliance Ut Tst (Acc)	160.0	170.1	+0.7	2.76

Rowchase Fund Managers
Whitbread Ct., Tithebarn St., Liverpool. 051-227 2030
Income Growth Trust | 36.3 | 38.8 | +0.1 | —

INSURANCES

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

Manufacturers Life Insurance Co —Contd.

Gilt-Edged Ind.	236.5		—	—
Do. Accum.	292.7		—	—
Guaranteed Ind.	159.9		—	—
Do. Accum.	197.9		—	—
International Ind.	358.9		—	—
Do. Accum.	441.8		—	—
Index Lk. Gilt Ind.	127.7		—	—
Do. Accum.	158.0		—	—

Merchant Investors Assurance
Leon House, 233 High St, Croydon 01-686 9171

Property		333.8	+0.7	—
Property Pens.		496.1	+1.2	—
Equity		195.6	+0.9	—
Equity Pens.		648.6	+4.1	—
Money Market		314.0	+3.4	—
Money Mkt. Pens.		571.6	+4.2	—
Deposit		241.3	—	—
Deposit Pens.		388.3	+0.2	—
Managed		249.5	+0.8	—
Managed Pens.		461.9	+2.4	—
Intl. Equity		256.4	-2.8	—
Do. Pens.		399.5	-3.9	—
Intl Managed		244.7	-1.4	—
Do. Pens.		348.9	-1.5	—
North American		101.6	-1.0	—
Do. Pens.		114.0	-0.3	—
Far East		189.7	-6.9	—
Do. Pens.		274.3	-10.1	—
Intl. Currency		162.9	+0.1	—
Do. Pens.		215.1	+0.2	—
Index Linked		126.3	+1.0	—
S & C Managed Fd		107.3	-1.2	—
S & C Pens Mngd Fd		83.4	-1.0	—
Bell Chambers		107.3	-0.3	—
Loran & Loran		120.1	+0.1	—
Mikon Mngd Fnd		157.3	-0.2	—
Tradlink Life Funds				
Per Worldwide Rec.		117.5	-1.2	—
Per Far East Growth		136.3	-4.5	—
Per Intl Growth		117.2	-1.6	—
Per Income		129.7	-1.3	—
Per Emerging Co's		108.2	-1.7	—
Per American Growth		107.0	-0.9	—
Per European Growth		93.0	-3.0	—
Fra American & Gen.		77.6	-1.9	—
Fra Capital		138.0	-2.1	—
Fra Income		149.1	-1.5	—
Fra Intl Growth		95.7	-1.4	—
Fra Japan & Gen		146.0	-3.8	—
Fra Recovery		136.9	-3.6	—
Fra Convertible & Gilt		123.9	-2.7	—
Fra European		101.5	-3.2	—
GAR American		99.1	+0.2	—

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Norwich Union Asset Management Ltd
PO Box 124, Norwich NR1 3JS 0603 683986

NUAM Funds				
Managed Fund	47.4	49.9	+0.3	—
State Manor Mngd Fund	44.6	47.0	+0.4	—
Equity Fund	48.1	50.7	+0.5	—
International Fund	41.8	44.0	+0.3	—
European Fund	43.4	45.7	+0.2	—
North American Fund	37.6	39.6	+0.5	—
Pacific Fund	50.5	53.2	+0.6	—
Property Fund	53.6	56.5	—	—
Fixed Interest Fund	51.5	54.3	-0.2	—
Index Linked Sec Fund	46.4	48.9	-0.1	—
Deposit Fund	51.9	54.7	—	—
NUAM Retirement Plans				
Mixed Fund	48.2	50.8	+0.2	—
UK Ordinary Share	52.8	55.6	+0.4	—
International Fund	40.7	42.9	-0.5	—
Property Fund	53.3	56.2	-0.1	—
Fixed Interest Fund	53.6	56.5	+0.4	—
Index Linked Sec Fund	46.7	49.2	+0.3	—
Deposit Fund	54.1	57.0	—	—
NUAM (NF)				
Managed Fund	642.8	676.7	+0.7	—
Equity Fund	1250.2	1316.0	+12	—
Property Fund	334.0	351.6	—	—
Fixed Interest Fund	379.9	399.9	-1.8	—
Deposit Fund	211.9	223.1	—	—
International Fund	108.5	114.3	-1	—
Index Linked Sec Fund	46.5	49.0	-0.1	—

Norwich Union Life Insurance Soc.
PO Box 4, Norwich NR1 3NG 0603 622200

Pensionmaster & Unit-Linked Plus*				
Fixed Interest Fund	265.3	279.2	—	—
Index-Linked Sec Fund	129.1	135.8	—	—
Ordinary Share Fund	391.8	412.4	—	—
International Fund	107.7	113.3	—	—
Property Fund	165.2	173.8	—	—
Deposit Fund	169.4	178.3	—	—
Mixed Fund	272.2	286.5	—	—
Norwich Units Oct 15	1047.9		—	—

*Prices as at October 30.

Pearl Assurance (Unit Funds) Ltd
252 High Holborn, London WC1V 7EB 01-405 8441

Prop. Dist. (Gross)(z)	153.9	162.0	—	—
Prop. Acc. (Gross) (z)	249.4	262.6	—	—
Equity (Gross) (z)	551.8	580.9	+0.7	—
Managed (Gross) (z)	411.8	433.5	+1.9	—
Prop. Acc. (Net) (z)	115.0	121.1	—	—
Equity (Net) (z)	133.0	140.0	+0.1	—
Managed (Net) (z)	129.5	136.4	+0.6	—
Internat'nal (Net) (z)	114.4	117.3	-1.8	—

[illegible]

OFFSHORE AND OVERSEAS

[illegible]

MANAGEMENT SERVICES

[illegible]

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

1987 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
101	100	Treas. 12pc 1987	100 xd	.....	—	—
99	97	Treas 7¾pc 1985-88‡‡	99	+	7.77	8.45
102	99	Exch 10½pc '88	100 xd	.....	10.41	8.65
101	98	Treas 9¾pc Cv '88	100	–	9.69	8.63
97	93	Transport 3pc '78-88	97	+	3.07	6.71
101	98	Treas. 9½pc '88	100	+	9.43	8.64
105	101	Treas 11½pc 1989	103	+	11.14	8.72
102	97	Treas 9½pc Cnv 1989	101	–	9.39	8.64
95	89	Treas 3pc 1989	95xd	+	3.16	6.52
104	99	Treas 10½pc 1989	102	–	10.24	8.74
103	99	Exch 10pc 1989	101	+	9.81	8.71
105	100	Exch 11pc 1989	103	+	10.59	8.71
95	89	Treas 5pc 1986-89	95	+	5.26	7.81
106	99	Exch 10¼pcCv '89	105xd	+	9.77	7.54
111	104	Treas 13pc 1990‡‡	108	.....	12.00	8.67
106	100	Exch 11pc 1990‡‡	104	–	10.53	8.75
110	103	Exch. 12½pc 1990	107	+	11.60	8.78
91	84	Treas. 3pc 1990	91xd	+	3.28	6.73
100	93	Treas 8¼pc 1987-90‡‡	98	.....	8.34	8.73
105	97	Treas. 10pcCv 1990	103	+	9.70	8.77
89	81	Exch 2½pc 1990	89xd	+	2.81	6.50
110	102	Treas 11¾pc 1991	107	.....	10.89	8.80
95	87	Funding 5¾pc '87-91‡‡	92xd	+	6.20	8.23
89	80	Treas. 3pc 1991	88xd	+	3.39	6.71
110	98	Treas 10pc Cv '91 ‡‡	105	–	9.43	8.06
109	101	Exch. 11pc 1991	107	–	10.25	8.77
97	91	Treas. 8pc 1991	97xd	–	8.20	8.73
116	107	Treas 12¾pc 1992‡‡	113	–	11.24	8.82
106	97	Treas 10pc 1992	104	–	9.61	8.82
99	90	Treas. 8pc 1992 ‡‡	97	.....	8.70	10.25
108	99	Treas 10½pc Cv 1992‡‡	105xd	–	9.90	8.84
85	79	Treas. 3pc 1992	85xd	+	3.74	8.03
115	105	Exch. 12¼pc '92	112	–	10.87	8.90
121	110	Exch 13½pc 1992	117	–	11.46	8.89
		Five to Fifteen Years				
107	97	Treas 10pc 1993‡‡	104	–	9.54	8.83
118	107	Treas 12½pc 1993‡‡	115	–	10.81	8.92
95	82	Funding 6pc 1993‡‡	90	+	6.64	8.10
125	113	Treas 13¾pc 1993‡‡	121xd	–	11.30	9.01
129	117	Treas 14½pc 1994‡‡	125	–	11.50	8.98
124	112	Exch 13½pc 1994	121	–	11.14	9.09
107	97	Treas. 10pc Ln. 1994‡‡	104xd	–	9.52	8.95
120	106	Exch. 12½pc 1994	116	–	10.68	9.07
103	92	Treas 9pc 1994‡‡	100xd	–	8.94	8.87
118	105	Treas 12pc 1995	114	–	10.45	9.13
84	76	Exch 3pc Gas 90-95	82xd	–	3.64	5.94

BRITISH FUNDS—Contd

Undated

Index-Linked

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, ie 8 months prior to issue. RPI for February 1987: 100.4 and for September 1987: 102.4 (rebased at 100 January 1987 conversion factor 3.945).

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

1987 High	Low	Stock	Price £	+ or –	Div % Gross	Red. Yield
53	42	Greek 7pc Ass.	45xd	.....	3.50	17.42
52	40	Do. 6pc 28 Stb. Ass.	45xd	.....	3	16.37
50	45	Do 4pc Mixed Ass.	45xd	.....	2	14.44
66	58	Hung. '24 Ass	65	+2½	2.75	14.23
146½	122¾	Hydro Quebec 15pc 2011	138¼	–1½	15.00	10.51
136¼	115½	Iceland 14½pc Ln 2016	129xd	–1¼	14.50	11.10
103½	94	Ireland 9¾pc '91-96	100¼xd	+¼	9.75	10.91

AMERICANS

1987 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
42	24⅞	Abbott Laboratories$1	27	.....	$1.00	—	2.1
40⅝	20⅞	Alcoa $1	23¼	+¼	$1.20	—	2.9
18⅝	537p	♦Allegheny & W $0.01	577p	–11	30c	—	3.0
19	7	Amax $1	9¼	+½	—	—	—
30¼	13½	Amdahl 5c	16½	.....	20c	—	0.7
35⅞	18⅜	Amer. Cyanamid $5	21⅝	+¼	$1.05	—	2.8
25	12	Amer. Express $0.60	14 xd	+¼	76c	—	3.0
12⅞	645p	Amer. Medical Int. $1	682p	+23	ϕ72c	—	6.1
22⅝	14¼	American T. & T. $1	16⅞	+¼	$1.20	—	4.1
65½	43½	Ameritech $1	50⅝	+¼	ϕ$4.72	—	5.4
24⅝	14¼	Amfac$	15¾	.....	—	—	—
25	16	Anheuser-Busch $1	17¼xd	+¼	$2.00	—	6.7
98p	40p	♦AridTech$	43p	–3	—	—	—
10⅝	4⅜	BankAmerica $1	5⅛	.....	—	—	—
34⅝	18	Bankers N.Y. $10	18	+	$1.66	—	5.2
652p	179p	BASIX Corp.	390p	+6	22c	—	3.6
49½	36¼	Bell Atlantic $1	41¼	.....	$3.84	—	5.4
27	18	BellSouth Corp.	22½	.....	$2.04	—	5.2
21	4¼	♦Bethlehem Steel $8	7	+	—	—	—
20½	748p	Bio-Rad Labs. Inc. 'A'	802p	–12	—	—	—
27⅜	14¼	Bowater Inc.	14½	–¼	80c	—	3.2
21⅞	12	Browning-Ferris 16⅔c	14¾xd	+1	h40c	—	1.5
18⅝	8	Brunswick $0.75	9⅝	+¼	30c	—	1.8
36¼	19⅝	CPC Intnl. 25c	21 xd	.....	h$1.24	—	3.3
25⅞	13½	CSX Corp U.S.$1.00	15¼	–¼	$1.16	—	4.4
25⅞	13½	CalFed Inc $1.00	14¼	.....	$1.20	—	4.8

Continued on next page

Money Market Bank Accounts

Money Market Trust Funds

UNIT TRUST NOTES

LONDON SHARE SERVICE

AMERICANS—Continued

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Cont

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY AND STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INDUSTRIALS—Continued

INSURANCES

هكذا عن الأصل

LONDON SHARE SERVICE

INSURANCES—Continued

1987 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
¶£11½	733	Prudential	790	−8	†29.0	—	5.0	—
598	378	Refuge 5p	389	−3	15.75	—	5.7	—
595	365	Royal	398	−2	†Q15.5	—	5.3	—
110	85	Sabre Ins. Ben.	85	−2	—	—	—	—
¶345	175	Sedgwick Group 10p	179	−7	12.0	1.7	9.2	7.6
339	150	Steel Burrill J. 10p	150	−8	†9.0	2.0	8.2	8.4
668	403	Stewart Wr. 20p	618	......	¢13.0	2.0	2.9	21.9
612	348	Sturge Hldgs 20p	348	−5	†6.0	2.5	2.4	22.8
£12½	645	Sun Alliance	810xd	+10	†23.5	—	3.9	—
£13	905	Sun Life 5p	920	+2	†28.5	—	4.2	—
£69⅞	£39	¥Taisho M EDR	£40¼	−1	¢Q10%	—	1.8	—
£22⅝	£14¾	Torchmark $1.00	£15⅞	+½	Q$1.00	—	3.6	—
410	235	Trade Indemnity	355	......	14.3	—	1.7	—
£34	£20⅞	Travelers $1.25	£21¼	+½	$2.28	—	6.2	—
£30¾	£17⅝	USF & G Corp $2.50	£18⅝	+¼	Q$2.48	—	7.7	—
£33⅞	£16¼	USLIFE Corp. $1.0	£18¼xd	......	Q$1.28	3.2	4.0	7.7
738	355	¶Uto Friendly B 10p	625	......	21.0	—	4.6	—
464	205	Willis Faber 12½p	211	−6	†10.75	2.4	7.0	8.0
128	41	Windsor Secs. 10p	57	−1	†0.7	1.5	1.7	—

LEISURE

[illegible]

MOTORS

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PAPER, PRINTING—Continued

[illegible]

PROPERTY

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TEXTILES—Cont.

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

FINANCE, LAND—Cont.

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES—Continued

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

THIRD MARKET

[illegible]

NOTES

[illegible]

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

[illegible]

TRADITIONAL OPTIONS

3-month call rates

[illegible]

A selection of Options traded is given on the London Stock Exchange Report Page.

FINANCIAL TIMES
Saturday November 7 1987

Brazil reaches deal with creditors

BY ALEXANDER NICOLL, EUROMARKETS EDITOR

BRAZIL AND its leading creditor banks have reached a preliminary agreement which will end its eight-month-old suspension of interest payments on $68bn (£38bn) of medium and long-term debt to banks.

The accord, announced in the early hours of Friday morning after nearly two weeks of difficult negotiations in New York, includes an undertaking by Brazil to seek an agreement with the International Monetary Fund on an economic programme.

Mr William Rhodes, the Citibank executive who chairs Brazil's 14-bank advisory committee, said the agreement was "the first step in getting Brazil on the road back to creditworthiness."

Bankers said they had been assured the interim deal would satisfy US regulators who have been discussing in Washington whether they should downgrade Brazilian loans - a move which would force new losses on US banks and make any new bank loans to Brazil improbable.

However, they admitted that the deal was somewhat patched together to avert a downgrading and that months of tough negotiations lay ahead before a longer-term agreement could be reached, enabling Brazil's $4.5bn of arrears on 1987 interest payments to be fully cleared.

The agreement sets a complex timetable for phased short-term "bridging" loans totalling $3bn from a core group of larger creditor banks. If they were to agree to this, they would advance $1bn in December, and $2bn next year.

Meanwhile, Brazil would pay $1.5bn of interest in December, would recommence paying interest as it came due from January, and would clear the arrears by June provided a longer-term agreement was reached by then.

A sign of the difficult negotiations still to come lies in Brazil's continued insistence that, in spite of its undertaking to go to the IMF, any loan agreement with the banks should not be directly linked to its adherence to an IMF-monitored economic programme. There are also growing doubts about the economic and political situation in Brazil.

Banks will receive an interest rate of ⅞ of a percentage point above money market rates on the new loans, slightly above the 13/16 which has become a benchmark rate following Mexican and Argentine agreements. They will also receive a fee of ⅛ of a point, and an early participation fee of ⅛ or 1/16 designed to speed their responses.

They will be asked to maintain their short-term trade credit and interbank money market lines to Brazil, which have recently dwindled by more than $1bn from the $14bn level of early in the year. A further erosion would threaten Brazil's ability to carry on day-to-day trade.

Argentina confirms debt talks, Page 2

Shares slide leaves more than £500m of unsold issue stock

By Nikki Tait

THREE WEEKS of sliding share prices have left underwriting institutions to pick up more than £500m of unwanted rights issue stock during the past five days.

Yesterday, Kleinwort Benson, the merchant banking group, became the latest victim. It reported that only 15.6 per cent of its £143m cash call had been taken up by existing shareholders when the issue closed on Thursday afternoon.

The result is somewhat better than might have been expected, given that the Kleinwort share price closed at 425p - 25p below the rights price - on Thursday evening. When the issue was announced, Kleinwort shares were trading at 537p, and the rights price was set at a hefty 21 per cent discount.

However, members of Kleinwort's founding families, who held a third of the bank's shares ahead of the issue, are believed to have sold some of their rights and their stake is expected to reduce to 25 per cent. A number of institutions last week agreed to take up some of these unused rights, among them Sumitomo Life, one of the largest Japanese life assurance companies, which will now have a stake of up to 2 per cent in the company.

The failure of the Kleinwort issue comes just 24 hours after Ladbroke reported that almost 98 per cent of its £254m cash call had been left with the underwriters. Last night, Kleinwort was philosophical: "I suppose you could say we're seven times as happy as Ladbroke," it said.

Earlier in the week, motor group T Cowie reported minimal take-up on a £44.5m cash call, while Heywood Williams, the glass and aluminium specialist, saw 85 per cent of a £29.2m issue left with underwriters. Just under 70 per cent of the £27.5m call by Sketchley, the diversified dry-cleaning group, was cold-shouldered and a number of smaller calls - in particular from small, aggressive property companies - have seen a disappointing response.

Coming after the failure of the £7.2bn British Petroleum share sale, several commentators have expressed concern about the impact on institutional liquidity.

"Probably the biggest problem facing the London market currently is a liquidity shortage," argues Warburg Securities in its equity market review. "Investors who were running quite low cash positions before the crash have seen their position exacerbated by BP at a time when they would like to have been building liquidity."

On the rights issue front there are now relatively few calls to come. Those outstanding include merchant banking group Henry Ansbacher's £69m call, which closes on November 23, and printing group St Ives' £50.3m, where the final date is November 16.

Last night, A.C. Holdings, the former car company now moving into financial services, took the unusual step of advising shareholders not to take up rights in its current £10m cash call, due to close next week.

THE LEX COLUMN

Falling through the floor

At the close of the third week of the bear market, the mood in London could be described as subdued anxiety. The trend is still downward; the FT-SE100 index fell by 7 per cent this week, compared to the 22 per cent collapse in the index in week one and a mere 2.5 per cent in week two. But the real action was over by Wednesday, with the drama then switching to the foreign exchanges. Equities are now moving around in the 1550-1650 range, which is where they were becalmed for the last nine months of 1986. The optimist might even suggest that the market is trying to find a base.

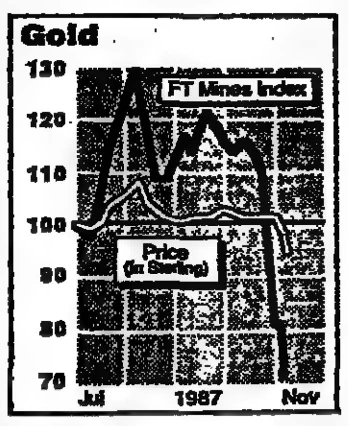
Which is not to say, of course, that it will necessarily succeed. A dominant theme over the week has been institutional liquidity, which has been further strained by a series of flopped rights issues. That series, though, is almost over; and though pessimists suggest that liquidity is also being drained by foreign sales of UK equities, there is little concrete evidence for it.

If things get much worse, there will be a natural tendency for funds to be repatriated, if only to match assets with liabilities in currency terms. But this could ultimately help liquidity rather than harm it. Whereas only some 5 per cent of the UK equity market is in foreign hands, the proportion of institutional funds held overseas is two or three times as much. Of course, if the Government felt like helping out on liquidity it has a simple method to hand - close down the BP buy-back offer promptly, and give the market back 70p for every 120p it took away.

Yet the authorities' only help to the market during the week was a couple of speeches from the Chancellor - neither of which offered much reassurance - and a base rate cut. This last is of dubious benefit. While the knee-jerk reaction since the crash has been to switch from equities to bonds, the gilt market has recovered to the election-time peak and there are signs of Japanese selling. A more considered view might reawaken inflation fears worsened by the interest rate cut. And Nigel Lawson somewhat increased that concern in the Autumn Statement by forecasting slightly higher than expected inflation despite a lower growth forecast.

The possibility that the UK Government might be putting other policy objectives above the fight against inflation is one worry. Far worse is the probability that the US will do exactly that. The clear suggestion from the US administration that avoiding recession is more important than holding the dollar is hardly comforting for holders of the debt of the world's largest borrower. At the same time, yesterday's employment data showed that the US economy is stronger than many thought and that normally interest rate cuts would be entirely the wrong policy. The combination of a still strong US economy, a falling dollar and rising inflation is horrible to foreign holders of US bonds. And there simply are not sufficient domestic savings to fund the still un-cut budget deficit.

FT Index fell 13.9 to 1274.8



Gold shares

Among the casualties of the past three weeks one of the most atrocious has been the gold mining sector, with a fall relative to the market of over a quarter. The reason seems depressingly simple. The gold price rose modestly from the start of the year until the stock market crash, and since then has modestly declined. Gold shares, which were crazily geared on the way up, have proved correspondingly geared on the way down.

The slight weakness in the gold price is at first sight surprising. From around $470 on the eve of the crash, it rose very briefly to $490 on the first Monday before retreating to its present $460. Conspiracy theory suggests concerted selling by the authorities to damp down the impression of panic, but it would be remarkable if they had managed agreed action on gold while failing on just about everything else. A simpler reason could be that some 70 per cent of the world's annual gold production goes into jewellery, and a quarter of that goes to the US, where the fall in Wall Street alone suggests that luxury spending will decline.

If there seems little reason for the gold price to rise, the same is doubly true of gold shares. Apart from anything else, gold mines earn their cash in places like Australia, Canada and South Africa - all commodity-based economies of the kind most exposed to a world recession, and offering a fine collection of some of the riskiest currencies around.

ABF/Berisford

Jubilation was remarkably restrained at S & W Berisford yesterday, considering it had just retained its prized independence. At Associated British Foods, too, there was by no means the gloom which would have followed a trouncing. It all suggests that the long-running saga for control of British Sugar is by no means over. Indeed, the level of acceptances ABF received for its bid was high given that its likely lapse had been clearly signalled. And it cannot be comfortable for Berisford directors to know that a majority of its shareholders were ready to sell out, even in the unusual circumstances of the current stock market.

Although ABF cannot bid for Berisford again for a year - barring a rival offer - it has come out of the exercise with significant gains, notably the monopolies clearance. While it holds its 23.7 per cent stake in Berisford it has a bargaining counter, and with its cash is an obvious buyer for British Sugar should Berisford again change its mind about keeping the subsidiary.

ABF could probably justify to its own shareholders the purchase of British Sugar at a price equal to Berisford's current market capitalisation. Berisford's non-British Sugar activities, around which the cloud of mystery still hangs, are in the share price for nothing. It must now demonstrate to its shareholders, in more persuasive terms than it did in the defence document, that those businesses have value and that the directors are worth the high remuneration revealed.

Meanwhile, Tate & Lyle, which sold its stake in Berisford, deserves mention for having done what so many have claimed they did - sold before the market crashed.

Banking regulations accord may be delayed

By Robin Pauley in Tokyo and David Lascelles in London

A DECISION on proposals for new international regulatory standards for the capital adequacy of banks may be delayed because of a disagreement between West Germany and Japan.

Banking supervisors from the central banks of the leading industrialised nations have been drawing up the standards for some time under the auspices of the Bank for International Settlements' Cooke Committee. The proposals had been expected to be approved finally at the next BIS meeting, which starts in Basle on Monday.

If the standards were accepted, all banks would be required to raise their ratios of primary capital to assets to 8 per cent within five years. The committee had agreed, under pressure from the Japanese, that unrealised profits on equity holdings, subordinated bonds and some reserves would be partly included in the primary capital total when calculating the ratio.

The Japanese wanted 70 per cent of their average unrealised gains over the last five years to be counted, while some western bankers argued for less than30 per cent. A compromise between 30 and 50 per cent is understood to have been reached.

However, the Japanese Ministry of Finance said yesterday the BIS would delay any decision until the end of the year because of objections from West Germany. The proposed new standards conflicted with domestic German banking regulations, it said.

Other banking officials, however, do not expect the disagreement to affect the timing of the accord. They see the dispute as a specific disagreement between West Germany and Japan rather than a wider problem facing the accord.

The Japanese Ministry of Finance, which, together with the US and British authorities, has been closely involved in constructing the new standards, is anxious to see the new ratios introduced quickly. It is worried about the rush by Japanese banks to build up market share overseas on inadequate capital bases.

At the same time, it is sensitive to accusations from its own banks that it has yielded too much on unrealised gains, while the West Germans cannot make major changes to banking regulations without changing their banking law.

Officials still expect to present a draft accord to the central bank governors meeting in Basle under the auspices of the BIS. It will be up to the governors how they then proceed.

Warburg and Morgan plan to acquire French stockbrokers

BY GEORGE GRAHAM IN PARIS AND DAVID LASCELLES

TWO FOREIGN banks yesterday announced plans to acquire French stockbrokers in Paris's stock market reform.

S.G. Warburg, the UK investment banking group, plans to buy Bacot-Allain, while J.P. Morgan, the fifth largest US bank, is to take 80 per cent of Nivard-Flornoy. The deals are the first to be announced since the collapse of world stock markets last month, which has caused considerable difficulties for a number of French broking firms. The deals will be made when the necessary changes in French law are completed.

A Warburg director said last night his group was making the acquisition to expand its international securities business and take advantage of the opportunities created by the deregulation of the French securities market.

It was Warburg's first investment of this kind in a European Community country. The price is not being disclosed at this stage, but Bacot-Allain has net assets of FFr67m(£6.59m).

Bacot-Allain, a middle-rank brokerage house, is strong in the private client and mutual fund areas and has developed a block trading activity in the equities market. Mr Bernard Allain said his firm expected to make a sizable increase in profits this year, from FFr23m in 1986. It shared a common view with Warburg on how the markets would develop over the coming years.

Mr Yves Flornoy, of Nivard-Flornoy, also said his firm had not suffered badly from the market's collapse and expected to increase its profits this year. Nivard-Flornoy is strongly implanted in the private client and fund management sector, with an estimated FFr7bn to FFr10bn in funds under management.

Morgan, which has been established for decades in Paris's elegant Place Vendome, is a primary dealer in the French Government debt market. The link will allow Nivard-Flornoy to move into bonds.

The acquisition is part of Morgan's plans to develop securities activities in several European countries. In the UK, it is believed to be close to purchasing Wood Mackenzie, the securities subsidiary of the Hill Samuel group, for about £40m to £45m.

The two banks' move into the French market follows the announcement by James Capel, the UK broker, of plans to take over a Paris broker. Other leading brokers have announced alliances with French banks, while the largest French broker, Meeschaert Rousselle, is to be acquired by Compagnie du Midi, the insurance and brewing group.

Brokers are to be allowed to accept outside capital in stages up to 1990 under a law currently passing through the French Parliament. The law will also end the brokers' closed shop and reform the structures of the Paris bourse.

BT calls in Granny Lipman

BY DAVID THOMAS

GRANNY LIPMAN has been enlisted in the heroic task of restoring the nation's faith in the efficiency of British Telecom.

Granny Lipman, better known as Maureen Lipman, star of Agony and numerous other television shows, is the central figure in a new sit-com which will burst on to our screens tomorrow.

As the nights darken in the run-up to Christmas, television viewers will get to know - and, it is hoped, to love - the goings-on of the Lipman family.

Gran is a woman of independent spirit who is always at the centre of her clan. She is also a figure of fun, usually managing to get the wrong end of the stick.

She insists on congratulating grandson Anthony for passing his exams, even though the only success he notched up was in pottery. She finds excuses for why her grown-up son never seems to visit. She refuses to buy the one kitchen appliance in the shop not already reserved by Mrs Jones, because if it is not good enough for Mrs Jones then it is not good enough for her.

But this is a sit-com with a difference, because conversations in the Lipman family always happen over the phone.

For the saga unfolding on the nation's screens is not a new blockbuster comedy series, but the first advertising campaign launched by BT since it became the country's whipping boy in the summer.

The television campaign, prepared by advertising agency JWT, breaks new ground - and not just by poaching the sit-com formula for 50-second commercials.

No longer is BT happy just to urge the greater use of the phone, an injunction which irritates as many people as it persuades. "Why is BT telling us about this? We have a phone, we use it, so thank you very much," is how David Millar, JWT account executive, describes a typical reaction to that.

Instead, once she gets into her swing, Granny Lipman will illustrate ways of using the phone more intelligently - like reserving goods before Mrs Jones can get to them. As the saga develops, more sophisticated services, such as freephone and phonecards, will be introduced into Granny's life.

Some ads will carry a freephone number at the end for customers to ring BT about their problems or simply to congratulate the company on the excellence of its service. At the end the line will be - not Granny Lipman or even Mr Norman Tebbit, appointed to the BT board this week - but a friendly clerk willing to deal with every query.

This is designed to show that BT now listens to its customers. There will also be a direct mail shot describing a range of services which BT will send to more than 500,000 homes once the television campaign is under way.

Next year will see a further refinement to the advertising campaign with the emergence of new characters, Worker X and Manager Y, who will demonstrate how work can becomes sheer joy with the use of a phone. These characters have not been named yet - Granny cannot be everywhere.

Hard times are here Continued from Page 1

purchasing power of City workers, which has helped fuel the recent house price boom in London and the south east.

Nonetheless Mr Bill Yates, head of the residential division at Knight, Frank & Rutley, which sells houses within commuting distance of London and beyond from £120,000 upwards, admits: "For the time being, the froth has gone out of the market."

Mr Nicholas Jaye, managing director of Pemberton & Clark, estate agent in the St John's Wood and Hampstead areas of north London, reported no apparent downturn in business since the slump began. "We are selling and agreeing as many deals as we were in the previous weeks leading up to this crash."

He predicted the prices of houses selling for less than £250,000 would remain strong but perhaps rise more slowly. Above that level, prices were more likely to slacken. Some people might be forced to sell after losing their jobs in a City shakeout or losing money on the stockmarkets.

Mr Martin Sturgis, senior partner of Sturgis, which operates mainly in central and south west London, said: "If anything, investors are likely to turn their attention to bricks and mortar.

"The most likely areas to suffer will be in Docklands or speculative schemes where amateurs have put down deposits on contracts without any real knowledge or experience of the market place."

Strutt & Parker, an estate agent selling country cottages, houses and farms from Edinburgh to Exeter costing in excess of £100,000, predicted the crash would have only a marginal effect on residential property prices - unless the share price fall turned out to be prolonged, and worse than it had been so far.

"I see no reason, with UK Limited doing so well, why people won't want to carry on buying houses," said Knight, Frank & Rutley's Mr Yates.

People who earn their living by hosting conferences for financial services companies in the City of London are having a lean time since the crash.

Mr Charles Boyd, managing director of Chester Boyd, which supplies conference services on behalf of two of London's famous livery companies, the Worshipful Company of Butchers and the Worshipful Company of Founders, said he would normally expect to host around 30 financial conferences a week at Butchers and Founders Halls. Next week there are none.

Mr Boyd who has organised presentations for a large number of companies during the past four years including Elders, Britoil, Morgan Stanley and Credit Suisse First Boston said: "The phone just stopped ringing after Black Monday.

"We expect things to pick up as the Christmas season gets under way. We are also looking to win work from Government conferences, the tourism industry and other private functions. Work which previously we had been turning away because of the high demand from the City."

In New York, the real spending crunch comes in a month or so when Wall Street employees begin to hear about their year-end bonuses. What a dreary story their bosses will tell them. In the wake of the stock market collapse, several Wall Street firms were proud to put out press releases saying that they did not lose money in October and that they expect to make modest profits in the fourth quarter.

Bonuses will be similarly slim so it seems unlikely that Wall Streeters will reward themselves this year as they did last.

CHIEF LONDON PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES			
Johnson Fry	135	+	15
MAI	485	+	13
Miller (Stanley)	57	+	9
Rover Group	70	+	12
VSEL Consortium	510	+	20
FALLS			
Exch. 12% 1998	£117¾	−	⅞
Aitken Hume	85	−	10
Bosse Massimi	228	−	65
Brit Aerospace	290	−	20
Dowty Group	144	−	8
Eng. China Clays	338	−	30
Grand Met	360	−	17
Helical Bar	147	−	13
Jaguar	269	−	11
Reed Intl.	316	−	13
Shandwick	450	−	80
WPP Group	365	−	20

WORLDWIDE WEATHER

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	19	66	Dallas†	C	[illegible]	[illegible]	Madeira	C	20	68	Prague	[illegible]	[illegible]	43
Algiers	F	25	77	Dublin	S	[illegible]	[illegible]	Madrid	F	15	59	Reykjavik	C	9	45
Amsterdam	C	9	48	Dubrovnik	S	[illegible]	61	Majorca	S	21	70	Rhodes	S	15	59
Athens	S	12	54	Edinburgh	C	9	48	Malaga	C	20	68	Rio de Janeiro		-	-
Bahrain	S	26	79	Faro	R	16	61	Malta	F	18	64	Rome	[illegible]	16	61
Barcelona	F	18	64	Florence	S	14	57	Manchester	S	9	48	Salzburg	S	[illegible]	[illegible]
Belfast	C	9	48	Frankfurt	C	5	41	Melbourne	S	17	63	San Francisco†	[illegible]	14	57
Belgrade	C	7	45	Geneva	C	7	45	Mexico City		-	-	Santiago		-	-
Berlin	C	9	48	Gibraltar	R	[illegible]	64	Miami†	R	23	73	Seoul	S	[illegible]	[illegible]
Biarritz	S	19	66	Glasgow	C	9	48	Milan	S	10	50	Singapore	F	31	88
Birmingham	F	5	41	Guernsey	S	11	52	Montreal†	C	-4	25	Stockholm	[illegible]	7	45
Blackpool	C	7	45	Helsinki	Sl	1	34	Moscow	C	1	34	Strasbourg	[illegible]	3	37
Bombay	S	34	93	Hong Kong	C	22	72	Munich	F	4	39	Sydney	C	21	70
Bordeaux	S	16	61	Innsbruck	S	11	52	Nairobi	F	28	82	[illegible]	R	[illegible]	[illegible]
Boulogne	F	10	50	Inverness	C	6	43	Naples	S	16	61	[illegible]	C	[illegible]	[illegible]
Bristol	C	8	46	Isle of Man	C	9	48	Nassau		-	-	[illegible]	F	[illegible]	[illegible]
Brussels	F	5	41	Istanbul	F	11	52	Newcastle	C	6	43	Tokyo	C	15	59
Buenos Aires		-	-	Jersey	F	9	48	New Delhi	S	27	81	Toronto†	C	-6	21
Budapest	C	8	46	Johannesburg	S	25	77	New York†	C	3	37	Tunis	F	21	70
Cairo	C	19	66	Las [illegible]	F	25	77	Nice	S	17	63	Valencia	S	[illegible]	[illegible]
Cape Town	S	21	70	Leeds	C	8	46	Nicosia	C	16	61	Venice	S	[illegible]	60
Cardiff	C	8	46	Lisbon	C	16	61	Oporto	C	17	63	Vienna	S	[illegible]	[illegible]
Chicago†	C	-1	30	Locarno	S	13	55	Oslo	Fg	0	32	Warsaw	R	6	43
Cologne	C	4	39	London	C	9	48	Paris	C	4	39	Washington†	C	2	36
Copenhagen	S	10	50	Los Angeles†	F	[illegible]	[illegible]	Peking	S	11	52	Wellington	F	[illegible]	[illegible]
Corfu	S	7	63	Luxembourg	S	10	50	Perth	S	29	84	Zurich	F	[illegible]	[illegible]

C—Cloudy. Dr—Drizzle. F—Fair. Fg—Fog. H—[illegible] R—Rain.
S—Sunny. Sl—Sleet. Sn—Snow. T—[illegible]
† [illegible] GMT temperatures

Republican leaders Continued from Page 1

fence spending here or "revenues" or "taxes" there (depending on which party's semantical definitions are used) is proving elusive to reach.

Participants on all sides also have to be aware that if the negotiators reach an accord it will still have to be approved by their constituents; in the White House that is the stubborn man who occupies the Oval Office (and his right-wing supporters) and on Capitol Hill it is the members of the House and Senate who will have to vote on the continuting resolution and the reconciliation bills which will probably be used as vehicles for implementing an accord.

Simon Holberton adds: Mr Beryl Sprinkel, President Reagan's principal economic adviser, said last night that the President would not agree "to major increases in taxes" as a way of reducing the budget deficit.

In an interview on Channel 4 News, he expressed suprise at the financial markets' interest in the US budget deficit as an issue. He noted that the Administration had cut the deficit by a third in the last financial year, and was on line to reduce it again this financial year. It represented only 3 per cent of gross national product, he added.

WEEKEND FT

Saturday 7/Sunday 8 November 1987

• MARKETS • FINANCE & THE FAMILY • PROPERTY • TRAVEL • MOTORING • DIVERSIONS • HOW TO SPEND IT • BOOKS • ARTS • TV •

America's black paradox

Twenty years ago the US civil rights movement brought political reform, but only a minority of the black minority has achieved economic mobility. Lionel Barber reports

HE IS BLACK, 95 and still chairman of the Board. As the reputed first-ever black millionaire in the state of Alabama, he has become something of a legend in the old steel town of Birmingham, his home since the turn of the century. He owns a bank, two radio stations, a real estate company and an insurance business. At the last count he was worth well over $50m.

CEREAL, FRUIT, catfish and light calisthenics are the secret behind Dr Arthur G. Gaston's longevity. The lessons of his business success are less easily digested. Today, as America's 28.6m blacks ponder the legacy of the Civil Rights movement which drew to a violent close in nationwide riots 20 years ago this summer, with which movement Gaston was intimately involved, his story is worth a brief recapitulation.

He began work at the Tennessee Coal and Iron Co in Westfield, Alabama, shortly after the end of the First World War. He was already running a small-time usury business on the side, and he did not take long to spot how to be his own boss: a burial insurance society for blacks, charging 25 cents for the head of the family and 10 cents for each of the family members. Back in the 1920s, whites would have no truck burying blacks - they could not even bring themselves to touch the dark-skinned corpses. Blacks themselves could rarely afford to pay insurance for a funeral; their higher mortality rate rendered them a poor risk. And so they they were forced to beg for donations from their own kind. (As Gaston recalls in his autobiography, it was a system open to abuse: one woman buried six fictitious husbands in fewer months.)

Gaston diversified rapidly, always concentrating on services for the black community only, from a motel for blacks to a "black" nursing home. His economic progress seemed unstoppable in a segregated America, until the whole landscape became *transformed* with the advent of the civil rights movement and its charismatic leader, Dr Martin Luther King.

Gaston had no doubts about supporting the movement; it was a political and moral necessity for the nation's blacks. But as a successful businessman he was eager to keep channels open to the white merchant class who ruled the city. Too close an association with the black political activists could ruin what Gaston hoped could be a positive dialogue between business equals. "I never led in the marches for civil rights with Martin Luther King," he said in an interview last month (given on his hospital bed: he had dropped in for check-ups after a slight rise in blood pressure, yet still insisted on receiving visitors). "But I still put up the bond money to get 'em out of jail."

He was branded an "Uncle Tom" for his trouble. (Many militant blacks forgot that the Klu Klux Klan had bombed Gaston's own motel that year - 1963. They wanted King and the others to stand as martyr figures, little realising how, five years later, their wish would become a terrible reality.) Gaston stood his ground and guaranteed $160,000 in bail. He calculated that if he could succeed in a segregated society, then how much better would he succeed when things loosened up.

And so it turned out, as Gaston set up a business college for black women secretaries, supplying the post-desegregation demand for black employees in government offices. His wealth grew rapidly, consolidated in his (predominantly black) savings bank, Citizens Federal, which has assets of $62m. Today Arthur Gaston is one of America's top black capitalists. The numerous honorary doctorates, citations, and White House photographs hanging on his office wall in downtown Birmingham are vivid testimony to his own success. And yet, among his own race, he remains in the minority.

The one clear-cut success of the civil rights movement was that it removed the most offensive barriers to black progress. Desegregation also allowed a wide stratum of educated black Americans to move upwards. Blacks became astronauts, TV anchors, syndicated columnists, surgeons, professors, screen stars. (Bill Cosby, the black actor and writer, expects to gross $70m this year, making him probably the world's highest paid entertainer.) Civil rights forced the pace of political reform, too. In March 1965, one week after television cameras recorded police clubbing of civil rights marchers in Selma, Alabama, President Johnson appeared on prime time TV before a packed House of Representatives and demanded a new voting rights Act from Congress. That same year he signed the Voting Rights Act, the most significant effort since reconstruction (following the American Civil War) to prevent blacks from being disenfranchised at the polls.

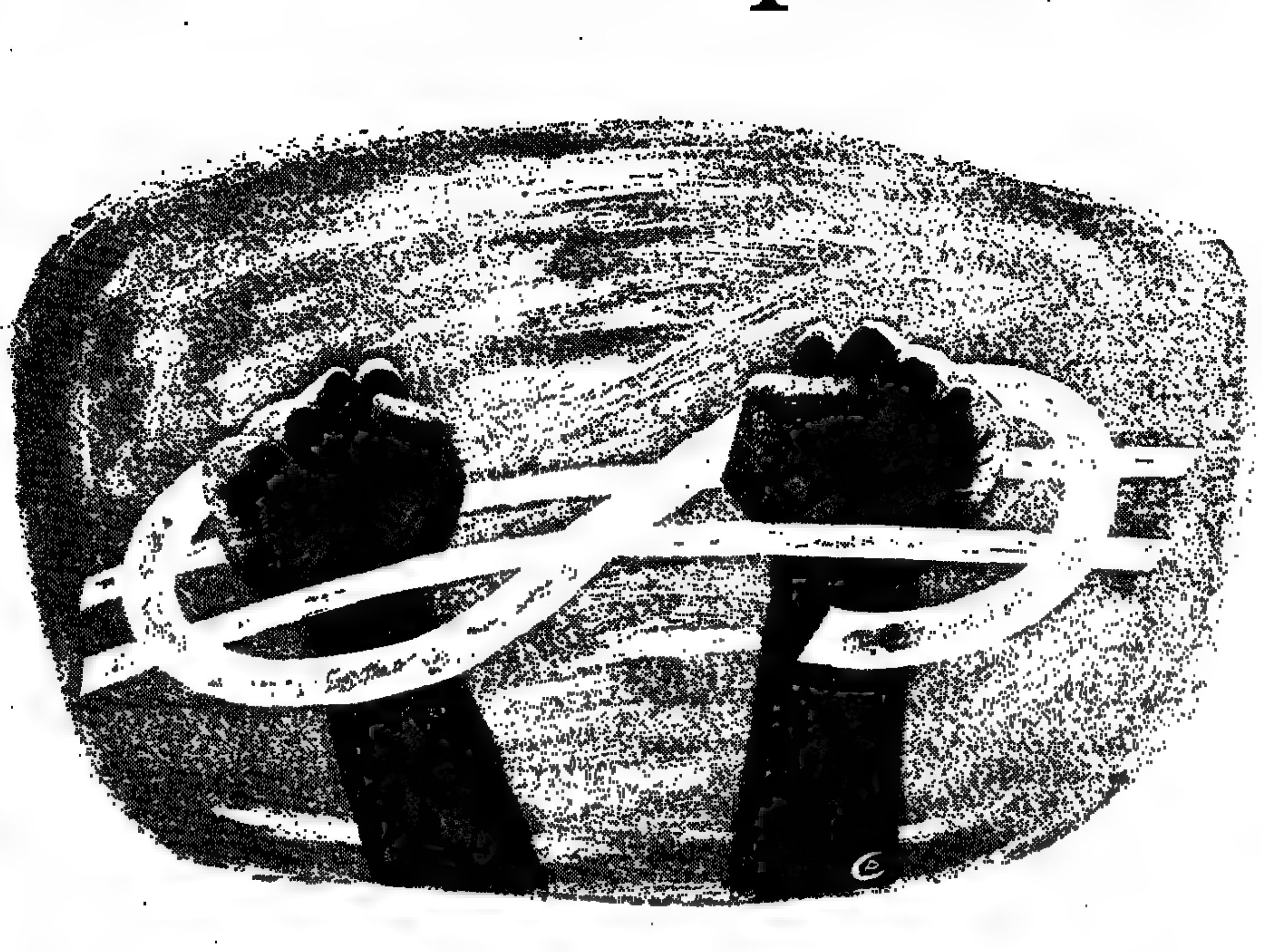
Thanks - at least in part - to vigorous voter registration drives by black political leaders, spearheaded by the Rev Jesse Jackson, himself a Democrat presidential candidate this year, blacks are being elected to public office in *increasing numbers. Since 1970 the number of* black officials has grown sixfold, to nearly 7,000. Over the same period the number of black mayors has risen from 48 to 303; they now run many of the most important US cities: Atlanta, Birmingham, Chicago, Detroit, Los Angeles, New Orleans, Philadelphia and Washington DC. Yet this increase in black political power has not brought corresponding social and economic gains for the bulk of the black population.

One third of American black families are still stuck in poverty. Black teenage unemployment stands at almost 40 per cent. The number of black children in single parent families jumped 20 per cent in the 1970s, but the number of black children on welfare *declined*. Professor William Julius Wilson points out in his latest book, The Truly Disadvantaged, that the declining marriage rate among black women seems to be connected to the sagging economic fortunes and reduced employment rates of young black men. Furthermore, while blacks are only just over 12 per cent of the US population, they make up more than 50 per cent of convicted felons - and only 8.9 per cent of college enrollment.

Justice Thurgood Marshall is 79; the only black ever appointed to the US Supreme Court. He says: "The biggest thing we brag about in this country on the ethical side is the great melting pot... I have come to the conclusion that if the United States is indeed the great melting pot, the Negro *either didn't get in the pot or he didn't get melted down.*"

The 1960s hope of a new era of racial equality has failed to dawn - indeed, it remains as distant as ever. Measured by income per head of family, blacks lag far behind whites, and they remain economically vulnerable to competing ethnic groups such as Hispanics and Asians. Worse, the evidence points to a sharpening of class lines among blacks: the proportion of black men with an annual income over $25,000, and the proportion of black men whose annual income is less than $5,000, have *both* increased, mirroring the pre-Civil War class division between Southern slaves and the "free persons of colour" in the Northern states. In short, those who marched in hope with Dr King and his followers see today a prosperous, mobile, black minority set against a resentful black majority trapped in poverty and despair.

What went wrong? The great irony is that at the very moment the drive for civil rights pushed blacks into positions of political power, notably in the big cities, the economic base which sustained that power was fast eroding. Nowhere is this more brutally illustrated than *in Detroit, home of the first traffic light*, the American freeway, and one of the highest murder rates in the country.



In July 1967, shortly after police raided a "blind pig" after-hours drinking den, Detroit blacks rioted, causing the deaths of 43 people and millions of dollars' worth of damage. The immediate political result was the election of a black Mayor, Coleman Young. "Whites were so terrifed that blacks were going to tear up their homes that they agreed to have Coleman," *recalled the Rev Jim Holley, a fiery black* preacher at the Little Rock Baptist Church.

Mayor Young is still in office today, but he presides over a shrinking kingdom. In 1970, 1.5m people lived in Detroit, 44 per cent of them black. Since then the whites have fled to the suburbs, taking with them their property tax dollars and their spending power. Today one million people are left in the city; two thirds of these are black. Jim Bannon, the city's white deputy police chief who joined the *force in 1949 and has a PhD in criminology*, said: "People thought a black middle class would emerge to take the place of the whites, but they (affluent blacks) left the city themselves, in large measure."

The result is a vicious circle of drugs and crime, where a black teenager's only role model is the boy on the street corner making $200 a day, said Mr Bannon. "The frightening thing about these kids," he added, referring to the knife and gun battles between 13 and 14-year-olds, "is that they don't have any image of mortality." These days, Detroit feels as if it has *had its heart ripped out: acres of wasteland* and an overwhelming impression of space; even the roads are nearly empty during what passes for rush hour - a grim historical joke in the auto capital of the world.

Mayor Young's critics, such as Joe Madison, a local black trades union official, argue that he has forgotten his union roots, which he evoked in his first re-election campaign in 1977:

"I can't understand black people who say 'I was 20 years old before I knew I was black,' *and all that kind of bull. I ran into it* very consciously when I was 10 or 11. And I resented it deeply... Then I got into the labour movement and a whole new philosphy, you know, black and white unity, and I began to identify myself with working people and social and economic justice." Undoubtedly, Mayor Young's vigorous enforcement of affirmative action and minority programmes have helped Detroit's black professional class. But what about the poor? Sales taxes may have helped the city's fiscal well-being, but as a regressive tax it hit the poor hardest. And while the Mayor secured plenty of Federal aid during the Carter presidency, the tap ran dry after 1980 when, in effect, he pronounced Ronald Reagan unelectable.

In the last resort, economic *force majeure* has made Mayor Young follow the same white business leaders who ruled Detroit before 1973. Hence the preoccupation with downtown Detroit to the exclusion of the ghetto problem, a downtown symbolised by the Renaissance Centre shopping malls, the tax breaks for big business, and - as yet only a gleam in the Mayor's eye - casinos on the *Detroit River* overlooking Canada. As Mr L.F. Williams, an associate professor at Howard University, put it: "While Coleman governs, business magnates still rule."

In Birmingham, Alabama, the city's first black mayor, Richard Arrington, believes that the great mistake of the civil rights movement was to assume that economic progress for blacks went hand in hand with political gains. In fact the opposite was often the case. Segregation in housing, education and in business had created a largely self-sufficient community. But desegregation led to blacks taking their spending power into white shops and business enterprises. The uncompetitive "Mom and Pop" black motels and restaurants simply went out of business.

Arthur Gaston was alive to the interconnection between demographic and economic change, and the extension of choice to blacks. For example, after desegregation, he immediately dropped his black nursing home business. "I realised that I had no chance competing against the big (white-controlled) hospital chains."

Black leaders like Mayor Arrington in Alabama put far more emphasis on economic progress. "Blacks have been consumers for so long that that they find it difficult to be entrepreneurs," said the Mayor, who believes it is high time for more black capitalists to emerge. The problem, he says, is that blacks still come to his council seeking loans and hand-outs, usually on account of the colour of their skin. Mr Arrington (now well on his way to winning a third term as mayor) says this is entirely wrong: he wants to create an image of Birmingham as a place of opportunity for aggressive black businessmen.

In Houston, Texas, and Atlanta, Georgia, such forthright black capitalists have emerged. In Atlanta they still talk about Mayor Maynard Jackson's arm-twisting to secure for minorities a 30 per cent share of work on the Harland airport terminal. But few projects are so big - or so universally appealing to the white business community - that they countenance such overt reverse discrimination.

More worrying is that black businesses have shown themselves vulnerable to competition from other ethnic minorities. Black fury at *losing out to Cubans led to riots in Miami's* Liberty City ghetto in 1980, which resulted in 18 deaths and $200m worth of property damage.

A particularly depressing statistic is that black businesses show an inability to build up their labour forces and capital. According to a 1982 census report, firms with paid employees came to a total of 38,631, while firms with no paid employees added up to 300,608. "Nearly half had receipts under $5,000," the report said, noting that 95 per cent of all black firms were sole proprietorships, while only 3 per cent were partnerships and only two per cent were corporations.

Yet blacks do not appear to want the remedies of the 1960s applied to the problems of the 1980s. Reverse discrimination or affirmative action find little support among those who have seen the policy benefit a minority rather than the majority of blacks. Professor Walter Williams, an economics professor at George Mason University, is one of a number of black revisionist thinkers in the US who believe that blacks were done a disservice by white liberal policy. "Affirmative action was a disaster: it heightened a conflict with whites which never existed before, and it was used as a wedge for other groups such as women and the handicapped."

The Reverend Holley, the old schoolmate of Jesse Jackson, almost cleft the desk in two *with his fist* when he was asked about affirmative action: "White people," he thundered, "are not created by God to look after us black people." Rev Holley is one of a growing number of blacks who today advocate self help. His church network in Detroit (annual budget: $1.3m a year) is - unashamedly - part prayer/part job centre. Like the Rev Holley, Mr Madison at the AFL-CIO (American Federation of Labour, with the Congress of Industrial Organisations) labour union centre is looking how to use black spending power more effectively. The most frequently quoted statistic among black political leaders in America these days is annual black income. In 1984 this amounted to $170bn. How to direct this black spending power back into black pockets is the second most quoted problem.

This new emphasis on economic - rather than political - power is a belated recognition, within the black community, of the limitations of the civil rights movement (some of the more radical elements in the 1960s had warned as much, and were ostracised for their pains). Because it failed to address the nature and makeup of economic power seriously, the civil rights movement led to formal rather than deep structural changes in American society. Individual educated blacks benefited enormously. But most blacks - by the standards of their own fellow American citizens if not necessarily those of foreigners - were left behind. In one sense, many blacks escaped the chains imposed by the polity only to become prisoners of the economy.

The black dilemma today is how to resolve that paradox. Until blacks do, the conclusion of the Kerner report on the 1967 riots will remain true - with an important twist. The US is still moving towards two nations, separate but unequal; this applies not only to whites and blacks, but also to the black community itself.

The Long View

When a bid turns bad

The Takeover Panel cannot expect a board to recommend that shareholders should vote for what has become a bad deal, says Barry Riley

NOW YOU see it, now you don't. The stock market crash has taken *a heavy toll of takeover bids* and new issues which were priced when the market was in the stratosphere

- but which call for final signing with price levels somewhere else entirely.

The Takeover Code sets out firmly the principle that commitments must be honoured. According to Rule 2.7: "Where there has been an announcement of a firm intention to make an offer, the offeror must proceed..."

It adds: "A change in general economic, industrial or political circumstances will not justify failure to proceed with an announced offer."

Admirable though this principle may be, however, it does not appear to make much sense to the shareholder on the Clapham omnibus. The unfortunate board members of TSB, so glamorously privatised a year ago, this week experienced that nightmare of the public company director, the six-hour haranguing by angry shareholders in a general meeting. *Even in the euphoric market* conditions of September, TSB's price for Hill Samuel Group appeared generous. In the cold light of early November it has looked fanciful.

The other sizeable recent takeover bid, that of Associated British Foods for S & W Berisford, was withdrawn yesterday. *At least three easy escape clauses* were there to be taken advantage of. Maybe those angry TSB shareholders should have bought shares in ABF instead.

Handling a potentially hostile shareholders' meeting successfully takes a combination of charisma and cunning. TSB has notably lacked either.

Even in the bear market conditions of 1974 Jim Slater could still appear at his annual meeting as "the Master" and talk about the virtues of gold amid the rubble of the equity market. It successfully captured the headlines and diverted attention from the real problems which were to overwhelm Slater Walker Securities a year later. "Tiny" Rowland's small shareholders worship him, and in the past have brushed aside irregularities over expenses as the irrelevancies they no doubt are. Even Ernest Saunders emerged dominant from what could have been a *testing extraordinary* meeting of Guinness little more than a year ago, demonstrating the power of leadership and sheer nerve. It proved, of course, a short-lived moment of triumph, although even now small shareholders in Guinness are said to greet Mr Saunders during his travels on the London Underground, and wish him well.

Certain elementary techniques are necessary in order to retain the initiative at shareholders' meetings. These are a form of theatre, so the ability to pick the cast - and write the script - is vital. (Rehearsals can be useful, too.)

TSB's first mistake was in neglecting to pack the meeting with cheerleaders and stooges. This was partly the result of a failure of its intelligence network: it was expecting only about 40 shareholders; 480 turned up. It then committed tactical errors by allowing the initiative to pass to the rebels. A one-hour adjournment for lunch allowed the ringleaders to repair to a pub and plan their campaign for the afternoon.

Because the TSB directors were all the time sitting on a huge majority of votes by proxy from the big investment institutions, it may be understandable that they regarded the formal proceedings as somewhat inconsequential. But at the very least the meeting was damaging to the group's public relations. More seriously, it indicated a conflict of interest between the big and thesmall shareholders. The big institutions, after all, were also major investors in Hill Samuel. The cash involved in the bid was simply going from one pocket to another. And to the extent that it provided a means of moving into cash during a bear market, so much the better.

As for the Takeover Panel, it has been wrestling with the bear market problem of scrapped bids ever since its early days. During the 1970s it conducted an immensely lengthy and convoluted campaign against a consortium which abandoned an offer for an obscure company called Ashbourne Investments. About the same time, Murray Gordon of Combined English Stores sidestepped the panel's rules more neatly by telling his shareholders to vote against the capital increase needed to accommodate a bid for David Greig which had become wrongly priced.

Nowadays the panel seems to have accepted that it cannot expect a board to go to its shareholders and recommend that they should dutifully - and against their best interests - vote in favour of what has become a bad deal.

In any case, there are one or two other let-out clauses. One technicality is that bidders usually make it a condition of their offer that they receive 90 per cent acceptance. This is actually a rather stringent condition which is usually not achieved but is normally waived. Acceptances of just over 50 per cent are normally regarded as enough for a bid to be declared unconditional. But the 90 per cent clause can be used as an escape route when things go wrong.

Another usual condition is that there should be no material change in the financial position of the company being bid for. Rule 2.7 of the code acknowledges this by saying that although general changes in conditions cannot justify a withdrawal, "circumstances of an exceptional and specific nature" might do so.

It seems that TSB might have argued that although the market slide in itself was not a reason for withdrawal, the impact of the changed conditions on Hill Samuel provided a reasonable excuse.

For instance, the profitability of Hill Samuel's fund management business will immediately be affected by the sharply lower value of investments on which it charges its percentage fees, not to mention the reduced scope for selling new products. Less tangibly, the group's risks in banking must have been increased through its exposure to financial sector clients who could get into trouble. The angry small shareholders appear to have sensed the opportunities clearly enough, but the board had quite different priorities. There is an obvious conclusion to be drawn: the directors did not personally own enough shares in the company.

You could never make the same accusation about Garry Weston, chairman of ABF, whose family interests control 63 per cent of the group.

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Why the cheering just doesn't work

A PARALYSIS of fear is descending on the London market. All the spirited talk last week by Chancellor Nigel Lawson, coupled with promises of a lower-than-expected PSBR, a UK base rate cut, and reductions in German interest rates, failed to budge dealers from their increasingly deep-rooted conviction that the only present direction is down.

Admittedly there were various technical factors contributing to the gloom. Monday saw the first settlement day since Black Monday, and the weekend press was rife with tear-jerking stories of over-optimistic punters whose losses represented vast multiples of salaries and assets.

In the event, there were no immediate calamities - though most brokers were prepared to concede that some bad debts on the private client side will almost certainly bedevil their business over the coming weeks. And though transaction volume has been high, the settlement system itself appeared to be coping. After all, a sustained bear market has the one advantage of dulling small investors deals and allowing firms to catch up on their office backlogs.

On top of that, the past five days have compounded the strain on institutional purses. In the wake of the £2.6bn BP issue, a string of smaller rights issues flops descended last week. The most serious casulty was Ladbroke's £254m call - where under 2.5 per cent of the new shares were taken up by existing shareholders.

But wholsesale failures at Kleinwort Benson (raising £143m), T. Cowie (£44.5m), and Heywood Williams (£29.3m) - plus a host of smaller victims, where underwriters picked up at least the majority of the shares - left around £500m-worth of unwanted rights stock on the institutions' books. The only mercy is that there is now relatively little left in the pipeline.

Indeed, Warburg Securities is prepared to describe the liquidity shortage as "the single biggest problem facing the London market." As overseas investors disinvest from the UK market and domestic ones head for gilts, the brokers argue that only a switch by UK institutions from overseas to domestic equities or an over-run in the gilts market's appeal, looks likely to ease things.

London

Certainly, there was no sign of any decline in the latter's popularity last week; the yield on high coupon longs had nosed below 9.1 per cent by Thursday evening, leaving the yield gap at only 5 per cent, well below the average during the past five years.

But Warburg - together with every other market-watcher - also acknowledges that London sentiment is now little more than an adjunct to the fundemental, much-debated and still unresolved problem of the US budget deficit and sliding dollar. And until the Americans make clear their course of action, and the economists can start to make calculated guesses on the depth of any world recession, nothing the UK authorities choose to do carries much weight.

Not suprisingly, then, Lawson's relatively up-beat Autumn Statement on Tuesday - talking of inflation in the 4-4.5 per cent bracket in 1987/8, 2.5 per cent output growth next year, a PSBR of just £1bn in 1987/8, and a 4 per cent rise in consumer spending - failed to prevent a further 70-point tumble in the FT 100-Share Index. Wednesday's easing of base rates to 9 per cent was greeted similarly - this time by a 45.8 point drop.

By contrast, the German interest news and US talk of an easy money policy rather than dollar support, provoked a more encouraging response - Footsie recovered its earlier losses to show a 30-point gain on Thursday night. But by Friday, in lacklustre trading, the blues descended again, leaving the 100-Share 18 points down on the day, with a 129 point fall on the week.

It is perhaps unfortunate that Lawson should have protested so hard about the soundness of the UK economy during a lull between the heavy corporate reporting seasons. There was little to divert the market's attention on that front last week. Reed International, the publishing, paper and packaging conglomerate was the only only major company to turn out results - and in other conditions, the 37 per cent half-time rise to £110m pre-tax, up to £10m better than some analysts' estimates, might have been welcome news.

Not any more. Reed has been spending heavily in the US and Canada, accounting for 40 per cent of trading profits. The shares, moreover, rose strongly during the earlier bull market, as analysts came to grips with Reed's rejuvenated image and change of strategy. Now they were ready to shed a further 27p to 342p.

On the takeover front too, there were as many deals disappearing as emerging. Associated British Foods' £767m bid for S & W Berisford finally bit the dust, as the bidder - or rather the bidder's majority shareholder, George Weston Holdings - decided its 400p a share cash terms looked overgenerous given the decline in world markets.

With ABF's offer lapsing, S & W Berisford shares shed another 8p to 257p, a decline of over 100p on the week. Still, ABF retains a 23.7 per cent stake in its target, and last week secured Monopolies Commission clearance for the deal. It would still like Berisford's British Sugar subsidiary - but who knows if or where a price might be struck.

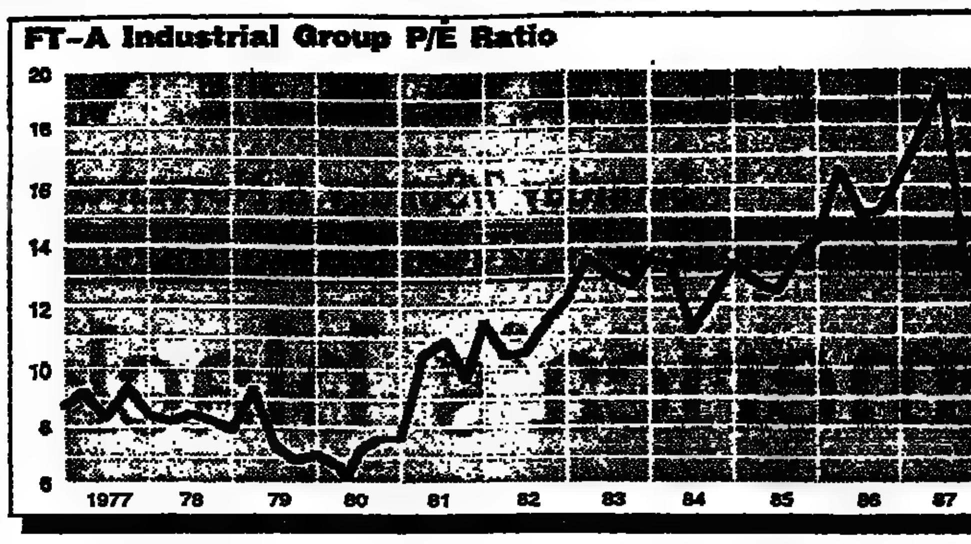
Indeed, with the curious "de-merger" bid from tiny and little-known Benlox group for retail giant Storehouse the only outstanding contested takeover, it was left to Australian predators - apparently undeterred by their large paper losses - to generate some interest.

But even they fail to inspire the same fear these days; news that Alan Bond has picked up 2.8 per cent of Allied-Lyons had the UK company "welcoming" him as a shareholder. At least, thoughts that John Spalvin's Adelaide Steamship might have picked up 4.7 per cent of perennial bid stock Commercial Union generated a 20p share price hike to 331p.

Meanwhile, those 270,000 small investors who applied for BP shares saw the partly-paid price sink perilously close to the 70p at which they can sell to the Bank of England. That, however, was before rumours that the Kuwait Investment Office had picked up a 4.9 per cent holding in the oil giant, through purchases of the partly-paid, nudged the price a few pence higher to 78½p by Friday afternoon. Given the KIO's prescient canniness when it switched heavily from equities to gilts last summer, that could - if true - be a decision to note.

Nikki Tait

FT-A Industrial Group P/E Ratio



Launch dates put off

INVESTOR enthusiasm for smaller companies, a classic feature of a bull market, seems to have petered out. By yesterday, the USM index had fallen 37 per cent since the crash, compared with a 30 per cent fall in the FT-SE 100. The Third Market Index, compiled by Credit Suisse Buckmaster & Moore, fell 11 per cent in the last week of October, compared with Footsie's 2.5 per cent drop in the same week.

In the early days of the crash, as attention was focused on the major stocks, the USM outperformed the main market. But then investors sold off their more liquid small company holdings and securities houses marked down the prices of the less liquid stocks.

The problem of liquidity, much mooted in the run-up to the Big Bang, has been brought painfully home. "It has been very difficult to sell, or even sometimes to buy, shares in small companies," says Bob Seabrook, deputy chairman of the Throgmorton Trust.

Prices on screen are often purely indicative, and the larger the holding an investor wants to sell, the bigger the discount. As a result, some investors have been forced to watch helplessly as their holdings have plummeted in value.

Part of the reason for the USM's precipitate decline was that ratings on the second tier were higher than those on the main market. Another reason is that the market had displayed some "frothy elements" - as Geoffrey Douglas of Hoare Govett describes them - in the form of shell companies trading on very high price/earnings ratios. Some of the froth has disappeared in the crash.

The overall effect on the USM has been startling. Whereas the day before Black Monday it was possible to find a dozen USM companies with market capitalisations of over £100m, there are now just three: the cookie company Mrs Fields; Stanhope Properties, which nevertheless has lost half its value; and Asprey, the jewellery company.

Some go-ahead companies have been severely battered. Blenheim Exhibitions has seen its market capitalisation drop from £92m to £44m, and Brookmount's value has fallen from £105m to £43m; the horror stories are spread across the market.

New issues have had a more mixed record with a few: Security Archives (Holdings), Tubular Exhibitions and WSP Holdings staying above the flotation price. But Explaura Holdings, the limestone quarry, has lost around 40 per cent of its opening capitalisation.

Junior Markets

So what are the prospects for the junior markets three weeks into the crash? Investor confidence is still pretty shaky and anyone diving into the market with the hope of short term gains is adopting a very risky strategy. "Private individuals should not invest in small companies for anything other than long term fundamental reasons", says Throgmorton's Bob Seabrook.

Andrew Holland, small companies analyst at County Securities, is pessimistic about the immediate outlook: "If the market recovers gradually, then investors in small companies will probably take the opportunity to sell out. But if the market collapse does herald an economic recession, then one or two small companies might go under and that would really affect sentiment towards the sector".

Hoare Govett's Douglas is also cautious about the short term but points out that "smaller companies have tended relatively to outperform in bear years". He believes that the effects on the market could be quite complex.

"Those companies that have expanded fast by using their paper to make acquisitions may find their growth arrested," he says. However, that might not lead to a decline in acquisition activity.

"Some companies may be disillusioned with stock market quotation after the crash and be willing to sell out," Douglas believes, "and larger companies who are cash-rich might be willing to buy them at cheaper prices". Investor sentiment is likely to be strongly slanted towards companies of perceived "quality".

With fewer new issues likely, Douglas thinks that by the end of next year the USM will be smaller both in terms of the number of companies and in its overall market capitalisation.

Another company postponed its USM launch this week: ECT Cellular, which now plans to float in the first quarter of nextyear. But Propeller, the men's shirts designer which is a spin-off from Corton Beach, managed to complete its Third Market placing, albeit at a lower price than planned.

One USM company at least felt confident enough to make an acquisition this week: Sutherland Holdings, the food group, acquired P A Manufacturers in a complex deal which intitially cost only £315,000 but could end up with PA's vendors owning 25 per cent of the company.

The deal will bring in two experienced businessmen to Sutherland - Chris Ball, formerly of Northern Foods and David Truran, formerly of Fitch Lovell. The pair set up P A Manufacturers just six months ago.

One half of PA's business may find that its time has come. Millstore, which is based in Chesterfield, produces pre-packed sandwiches; just the thing, perhaps, for all those investors who feel that the crash has made the three-hour expense account lunch a thing of the past.

Philip Coggan

LAST WEEK'S CHANGES

The following table shows the changes in the FT 30-share index and its constituents over the past week. The FT-SE index is also shown.

	Price yesterday	change since 30.10.87	1987 High	1987 Low		Price yesterday	change since 30.10.87	1987 High	1987 Low
FT Ord Ind	1274.0	-96.9	1926.2	1255.6	Grand Met	360	-34	695	348
ASDA-MFI	163	-14	226½	142½	GKN	238	-40	434	238
Allied-Lyons	329½	-15½	471	290	Guinness	246	-11	389	238
BICC	298	-7	436	269	Hanson Trust	127	-10	195½	116
BOC	330	-7	559	300	Hawker Sidd	404	-25	630	377
BTR	243	-6	374	229	ICI	£10⅝	-⅛	£16½	973
Beecham	425	+2	589	298	Lucas Ind	500	-15	795	465
Blue Circle Inds	324	-35	579	289	Marks & Sp	186	-18	280½	179
Boots	229	-23	329½	215	NatWest Bank	558	-22	794	498
British Gas	134	-18	200	106	P & O	473	-47	776	425
BP	246	-21	416	238	Plessey	145	-7	258	135
British Telecom	216	-21	337	208	Royal Insce	398	-23	595	345
Cad Schweppes	199	-37	291	119	Tate & Lyle	601	-19	944	560
Courtaulds	331	-6	535	302	Thorn EMI	454	-16	830	436
GEC	183	+3	251	164	Trusthouse	180	-26	293	174
Glaxo	£10¾	-1¼	£18½	£10¾	FT-SE 100	1630.8	-129.0	2443.4	1608.1

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 27%	45%	60%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawals (days)
CLEARING BANK*								
Deposit account	3.00	3.04	2.29	1.67	monthly	1	-	0-7
High interest cheque	5.00	5.12	3.77	2.74	monthly	1	1,000-4,999	0
High interest cheque	5.60	5.75	4.22	3.07	monthly	1	5,000-9,999	0
High interest cheque	6.00	6.17	4.52	3.29	monthly	1	10,000-49,999	0
High interest cheque	6.40	6.59	4.82	3.51	monthly	1	50,000 minimum	0
BUILDING SOCIETY†								
Ordinary share	5.00	5.06	3.81	2.77	half-yearly	1	1-250,000	0
High interest access	6.75	6.75	5.09	3.70	yearly	1	500 minimum	0
High interest access	7.00	7.00	5.27	3.84	yearly	1	2,000 minimum	0
High interest access	7.50	7.50	5.65	4.11	yearly	1	5,000 minimum	0
High interest access	7.75	7.75	5.84	4.25	yearly	1	10,000 minimum	0
90-day	7.75	7.90	5.95	4.33	half yearly	1	500-9,999	90
90-day	8.00	8.16	6.15	4.47	half yearly	1	10,000-24,999	90
90-day	8.25	8.42	6.34	4.61	half yearly	1	25,000 minimum	90
NATIONAL SAVINGS								
Investment account	10.00	7.30	5.50	4.00	yearly	2	5-100,000	30
Income bonds	10.50	8.04	6.06	4.41	monthly	2	2,000-100,000	90
Deposit bond	10.50	7.67	5.78	4.20	yearly	2	100-100,000	90
33rd issue◊	7.00	7.00	7.00	7.00	not applica	3	25-1,000	8
Yearly plan	7.00	7.00	7.00	7.00	not applica	3	20-200/month	14
General extension	6.51	6.51	6.51	6.51	not applic.	3	-	8
MONEY MARKET ACCOUNTS								
Schroder Wagg	6.21	6.39	4.81	3.50	monthly	1	2,500 minimum	0
Provincial Trust	6.96	7.19	5.41	3.94	monthly	1	1,000 minimum	0
BRITISH GOVERNMENT STOCK§								
5pc Treasury 1986-89	7.76	6.36	5.44	4.66	half yearly	4	-	0
8pc Treasury 1992	8.71	6.52	5.06	3.84	half yearly	4	-	0
10.25pc Exchequer 1995	9.16	6.49	4.71	3.23	half yearly	4	-	0
3pc Treasury 1990	6.79	5.93	5.36	4.89	half yearly	4	-	0
3pc Treasury 1992	6.87	5.98	5.38	4.89	half yearly	4	-	0
Index-linked 2pc¶	7.29	6.74	6.37	6.07	half yearly	2/4	-	0

*Lloyds Bank. †Halifax 90-day; immediate access for balances over £5,000. ◊ Special facility for extra £5,000 §Source: Phillips and Drew. ¶Assumes 4.5 per cent inflation rate. 1 Paid after deduction of composite rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

Breath of air from BOC

BOC GROUP, the gases and heathcare company, is expected to announce full year pre-tax profits of between £260m and £265m, against £213m last year, on Thursday. The figures are expected to continue the third quarter trend, with reasonable growth in gas sales in the UK and a modest increase in the US.

However, the share price has performed particularly poorly since Black Monday, because of the group's heavy exposure to the US economy and declining dollar. And there is also some uncertainty over the deal to dispose of its problematic US carbon graphite business, which was announced in July but has yet to go through.

WELLCOME, the pharmaceuticals group which will also produce full-year figures on Thursday, is another company which has seen its rating suffer severely in recent weeks because of its exposure to the American economy. Analysts are giving quite a broad range of forecasts for its pre-tax profits, ranging from £160m up to £170m, compared to £125m the year before.

The main growth will come from Zovirax, its high margin anti-herpes drug, sales of which are expected to be up by 50 to 55 per cent. Coopers, the animal health care business, is likely to report a return to the black, or at least break-even. Retrovir, Wellcome's anti-Aids drug, is not expected to have much impact on this year's figures.

The Bank of England had better not expect to be let off the hook by the BP third quarter results, due on Thursday. Even if the company announces a historic cost profit above the £300-350m range expected in the City, market sentiment is not likely to be swayed. Likewise, SHELL's results due the same day may have little market impact, regardless of whether its reported income is close to the top or the bottom of the broad £570m to £800m band of forecasts.

Both company's profits from exploration and production will look fat against the same period last year, when oil prices were close to the bottom. This will be particularly benefit BP, with its greater exposure to oil prices. Margins have remained tight in oil refining, though thye may show some advance over the second quarter. Chemicals, meanwhile, should steal the show, with record profits expected.

Last month's English hurricane has set the agenda for discussion when three big composite insurers - COMMERCIAL UNION, GENERAL ACCIDENT, and ROYAL - announce nine-months results on Wednesday and Thursday. The storm occurred in the fourth quarter, but analysts want some accurate estimates of the damage.

Warburg Securities reckons that CU faces net claims of £15m, and that Royal might be in for £65m. The other worry is that price-cutting by some insurers in the US started spilling over into risky liability lines at least six months ago. But observers are confused about just how bad this is.

CU and General Accident will be asked how their motor and household insurance business is faring in Massachusetts, a state US insurers loathe at the moment because regulators are trying to keep prices down. As regards the nine-month pre-tax profit figures themselves, Morgan Grenfell Securities looks for £130m from CU, £181m from General Accident and £280m from Royal.

BRITISH AIRWAYS, currently awaiting the outcome of the Monopolies Commission inquiry into its proposed merger with British Caledonian, is expected to reveal interim pre-tax profits of about £220m on Wednesday. The improvement on last year's £141m will reflect a buoyant summer following a poor first half last year when tourism was hit byfears of terrorism and the Chernobyl nuclear accident.

Lord King, BA chairman, is likely to stress how much of the company's costs are denominated in dollars. This would help to compensate for any decline in passenger numbers should the US economy suffer a recession.

Results Due

First half growth from J SAINSBURY, which reports on Tuesday, will be held back because of the unusually high proportion of store openings bunched in the current half. Nonetheless pre-tax profits are expected to grow from last year's £123.5m to about £150m, representing an increase of more than 20 per cent.

The improvement will be helped by further improvements in margins, partly the result of the introduction of more value added goods and electronic point of sales tills.

METAL BOX, due to report on Tuesday, is expected to achieve £44m pre-tax, a 14 per cent rise, for the half year to September 30. The packaging group's shares have held their own in the crash; unfortunately, they had begun to slide before then. With more than half of its business in UK food and drink containers, Metal Box has won support as a reasonable defensive choice, with only uncertainty in the housing market overhanging the Stelrad radiator division.

THAMES TELEVISION, the UK's largest commercial television company, reports its interim figures on Monday. The company dominates the advertising revenue market, and although this year it has been losing ground to LWT and TVS in the buoyant South, it still has about 16 per cent of the total cake.

Well-known for its programme sales abroad, there are fears about the company's exposure to the tumbling US dollar. Analysts expect Thames to show a more than creditable rise in pre-tax profits from £10.3m to between £12.5m and £14m.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m**	Bidder
	Prices in pence unless otherwise indicated				
Aberdeen Const.	350†	325	340	57.92	Raine Inds.
Allebone & Son	120*	103	97	34.88	Chesterfield
Bramall (C.D.)	646.66†	620	548	87.09	Avis Europe
Brown (M)§	630§	625	715	155.89	Scot.& Newcastle
Equity & Law	455.6	442	350	457.42	Cpagnie du Midi
EKC	405*	380	300	14.00	TR Energy Res.
Hampton Trust ‡	120*	115	116	100.00	Aurora
Hill Samuel‡	810*	793	684	777.00	TSB
IBL‡	41*	41	59	29.42	Impact Intl.
Intl. Signal	133	129	219	227.1	Ferranti
Samuelson	180†	154	137	38.97	Eagle Trust
Stewart Wrightson	313	618	500††	138.22	Willis Faber
Storehouse	236	230	349	947.68	Benlox
Tech Comp Inds‡	246	420	478	14.13	Baynes (Charles)
W'house&Rixson‡	109.33†	87	91	13.08	J'ton & Firth B.

*All cash offer. †Cash alternative. Partial bid. §For capital not already held. ‡ Unconditional. **Based on 2.30 pm prices 6/11/87. ††At suspension. Shares and cash. ◊Related to NAV to be determined. ¶Loan stock. ‡Suspended

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Burgess Group	Aug	8,230	(6,070)	19.3	(16.0)	3.1	(2.5)
Cramphorn	July	684	(550)	30.0	(22.6)	7.0	(6.2)
Dale Simpson	July	4,900	(3,860)	48.6	(33.0)	8.6	(6.6)
Five Oaks Invest	June	2,180	(639)	7.1	(7.5)	1.0	(-)
Global Group	May	439	(379)	6.0	(4.9)	3.0	(2.7)
Nat Home Loans	Sept	11,100	(2,800)	11.2	(3.4)	3.3	(1.1)
Pict Petroleum	June	102 L	(3,200 L)	-	-	-	-
Rosehaugh	June	15,100	(6,500)	19.5	(10.5)	1.2	(1.0)
Swindon Pri Hos	July	156	(46)	-	-	-	-

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
A&M Group	July	241	(322)	-	(-)
Amber Industrial	Sept	553	(512)	-	(-)
Assoc British Foods	Sept	82,700	(72,200)	2.5	(2.2)
Bradford Property	Oct	8,340	(7,340)	5.5	(5.0)
Bridgend Group	June	120	(130)	0.2	(0.2)
British Borneo	Sept	1,310	(891)	7.5	(7.0)
Clayton & Son	June	117	(108)	2.0	(2.0)
Cohen A	June	1,320	(1,240)	4.1	(3.7)
Coloroll	Sept	11,200	(3,500)	2.6	(2.3)
Control Securities	Sept	1,510	(1,050 L)	-	(-)
Craig & Rose	June	34	(43)	2.0	(2.0)
Eastern Produce	June	2,150	(3,670)	2.5	(2.5)
Electrocomponents	Sept	20,500	(18,100)	1.3	(1.1)
England J Group	June	33 L	(230 L)	-	(-)
Estates & Agency	June	312	(333)	-	(-)
Fobel International	June	476	(619)	0.5	(-)
Gems Group	June	846 L	(364)	1.5	(-)
Gieves	July	703	(444)	1.5	(1.2)
Globe Invest Trust	Sept	12,400	(11,000)	1.5	(1.4)
Goldberg A	Sept	724	(465)	1.3	(1.1)
Grampian Television	Aug	215	(428)	0.4	(0.4)
Hanover Druce	Aug	902	(768)	1.3	(1.2)
Hopkinsons	July	3,230	(4,080)	1.0	(0.9)
Hunting Assoc Ind	June	7,130	(4,000)	4.0	(4.0)
Lees John J	Sept	220	(213)	0.6	(0.5)
McInerney Properties	June	1,150	(940)	1.0	(1.0)
Miller Stanley	June	421 L	(80)	0.5	(0.5)
New Throgmorton Tst	Sept	1,600	(1,340)	1.5	(1.2)
Portsmouth & Sunder	Sept	2,490	(948)	1.2	(1.1)
Reed International	Oct	110000	(80000)	15.8	(10.9)
Richards (Leicester)	July	203 L	(143)	-	(1.5)
RKF Group	June	222	(-)	0.7	(-)
SI Group	June	267 L	(45 L)	-	(-)
Sketchley	Oct	5,690	(5,550)	6.0	(6.0)
Smallbone	Aug	816	(387)	3.0	(2.0)m
Sound Diffusion	June	268	(2,270)	-	(-)
Third Mile Invest	June	245	(118)	1.2	(1.0)
TR Ind & Gen Trust	Sept	7,780	(7,580)	0.8	(0.7)
Unit Group	Sept	360	(288)	1.2	(-)
Westbury	Aug	5,250	(680)	1.7	(1.5)
Windsmoor	Aug	1,030	(900)	1.2	(-)
York Mount	June	474	(-)	1.0	(1.0)
Yorklyde	July	1,160	(1,550)	2.7	(2.7)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss.

RIGHTS ISSUES

RKF Group plans to raise £7.34m via a four-for-five rights issue.

OFFERS FOR SALE, PLACINGS AND INTRODUCTIONS

Hard Rock International is coming to the London Stock Market via an introduction

Sykes-Pickavant is to come to the USM via a placing of 1.66m shares at 114p.

Propeller is to come to the Third Market via a re-arranged price of £1.5m.

RESULTS DUE

Company	Announcement due	Dividend (p)* Last year Int.	Final	This year Int.
[illegible]				

·MARKETS

Going down with the dollar

INTERNATIONAL investors could be forgiven this week for showing some confusion. For weeks equity markets around the globe have plunged and teetered over fears of a collapse of the dollar. Yet this week, as the dollar's flight gathered pace, equity markets began to firm up, at least tentatively.

The falls have come despite heavy interventions by central banks, and there is no firm end in view.

Yesterday's proclamation from Japanese finance minister Kiichi Miyazawa, that the yen had reached its high for the time being and that the world's central banks would hold the dikes in a coordinated action, looked rather disingenuous next to his comment a week earlier that Japan would hold the line and buy up all the dollars in sight.

In the interim, the dollar had dropped against the yen by about 4 per cent. While the Tokyo stock market showed its nervousness with each point fall in the dollar, it has sustained its position as the world's largest market by capitilisation, and has become a global bulwark of stability, even as foreign investors in the market have made a rush for the exits.

Markets in Asia and Europe remain jittery at best and every analyst predicts that high volatility is likely to remain in the weeks and months ahead. Yet the markets this week were far more calm than in the two weeks following "Black Monday" on October 19, when the 22 per cent collapse in Wall Street touched off a panic among investors around the world.

Confidence rose on Thursday when for the first time the German central bank made a token gesture to reduce interest rates. The real effects of this move were minimal, and its impact on exchange rates more or less cancelled when major US banks almost simultaneously lowered their prime rates.

The difference, however, was that US Treasure Secretary James Baker seemed determined to avoid recession, and given a choice between further falls in the dollar and a US recession, finds a cheaper dollar easier to live with.

The question nonetheless remains of how large the US budget deficit will be and how it is to be funded, and markets are waiting nervously for a better answer. Nick Whitney of Warburg Securities says: "I think that all Baker has done is bought another week."

A further decline in the dollar would still hit exporters hard, particularly in the export-oriented economies of the Far East that are extremely dependent on the US. The vulnerability of these economies has been duly reflected as Hong Kong, Singapore and Australia have been the worst hit markets anywhere in the world.

Compared to these markets Tokyo is relatively insulated from the trade effects of either a US recession or the falling dollar. The foreign rush for the exits reflects a widely-held view among foreign investment analysts that the market is vastly overvalued on fundamentals, with prospective price to earnings ratios around 45, especially after the sharp falls elsewhere.

"As we move to global markets, you can't have one market working on different rules forever," says Bob Semple of Wood MacKenzie. "At the end of the day, one has to believe in fundamentals and prices will have to come down in Tokyo."

The theory is that Japanese government efforts to support the market by putting pressure on the heavyweight institutional investors cannot have a lasting effect, and that in the end better value can be had elsewhere, even for the Japanese. Wood MacKenzie now forecasts a 22 per cent loss in Japanese equities, in yen terms, for the year to the end of October 1988 - though this would translate into a 4 per cent gain for sterling-based investors should the yen continue to appreciate as Wood MacKenzie expects.

One ironic effect of recent international investment patterns is that as the capitalisation of the Japanese equity market has grown to displace Wall Street as the world's largest, Tokyo has actually become less international, with foreign participation falling to 3.5 per cent - just over half the levels a year ago. Other things being equal, the chances that Tokyo will begin to behave like other equity markets could be less, not greater, despite the "internationalisation" of equity trading.

FT-ACTUARIES WORLD INDICES

Country	% Change from Aug.26 (World high)	US $ % change since Oct 16
Australia	-41	-42
Austria	-3	-9
Belgium	-25	-17
Canada	-26	-17
Denmark	-12	-19
France	-23	-10
W Germany	-24	-20
Hong Kong	-47	-49
Ireland	-38	-34
Italy	-11	-30
Japan	-9	-9
Malaysia	-43	-39
Mexico	-40	-44
Netherlands	-27	-18
New Zealand	-37	-38
Norway	-29	-35
Singapore	-45	-43
S Africa	-36	-40
Spain	-14	-22
Sweden	-34	-36
Switzerland	-24	-25
UK	-30	-25
US	-34	-11

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World Markets

Steeper than average falls were to be expected in other Far Eastern markets in a global crash because the economies are so exceptionally exposed to global trends, particularly to import demand in the US.

They had also experienced spirited rallies earlier that had made many investors far too exposed. Hong Kong, which now holds the lead for the most severely ravaged market, has dropped by nearly half in US dollar terms since October 16. The decline has been accelerated by the crisis in the stock index futures market, and even support coming from the Bank of China has failed to revive confidence.

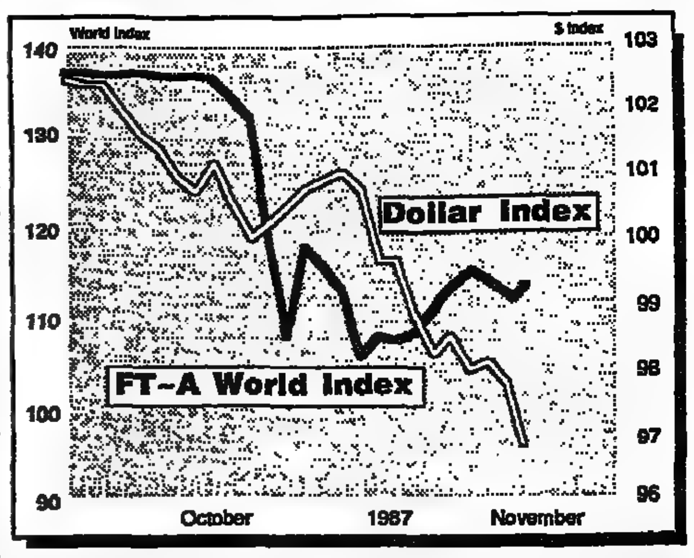
Singapore, now off 41.6 per cent in three weeks, could be a good one for punters willing to take a long view that political and racial tension in neighboring Malaysia will subside. The underlying economy is sound and growing rapidly, and the market institutions have held up well under the strain. Singapore would be hurt however if raw materials prices suffer as a result of recent turmoil, as this would hit the regional Southeast Asian economy that makes an important contribution to Singapore's corporate profits.

The stupifying decline in Australia has been propelled by new pessimism over gold and other resource prices, following wide international perceptions that the long glut in many commodity prices was set to reverse as a natural part of the business cycle.

It would be tempting to say that excellent buying opportunities have emerged in the shares of Rupert Murdoch's News Corporation at A$10.30, compared to a high of $25.10, or Robert Holmes a Court's Bell Corporation at A$2.30 (off from a peak of A$11.30). These would appear to be a punter's dream, given the remarkable track record of these and other Australian entrepreneurs, whose shares are off far more than the market. But they would be investments only for those with strong nerves, because the precise extent to which these men have been damaged by the market crash is still far from clear.

In Europe markets sank lower for most of the week as it became clear that central banks could do little to halt the dollar's decline. Analysts said that cross-border selling of shares led the declines, and that markets where foreign participation was highest tended to be hit worst. This included West Germany and Norway.

By the same token, recovery - when it eventually comes - might come first in markets with strong domestic participation and high liquidity. These would include Zurich and London.



The rebuilding of confidence, particularly in the smaller markets of Europe, could take a very long time, in view of the deep losses already suffered.

Looking at the worldwide declines over the past three weeks, it has been the capital goods sector that has performed worst. Wood Mackenzie calculates a worldwide decline of 21.7 per cent in October in dollar terms. The electronics industry was especially hard hit, off 27.7 per cent worldwide, with Japan off 20.8 per cent.

The heavy losses in capital goods compares to a 15.6 per cent decline in the financial services sector. Utilities was the shining performer, off just 4.1 per cent.

Within the consumer goods sector, textiles were hardest hit, off 31.0 per cent, in part because of the large industry in Hong Kong, where the sector fell by 50.8 per cent.

Broadly, the sector and individual market declines reflect increased fears of a US-led recession, exposure the US dollar exchange losses, and dependence on the US import market. To the extent that the US is able to formulate effective policy measures to reassure markets, these could prove the most bouyant in the aftermath. But when that would come would be the biggest gamble of all.

Steven Butler

Long distance information

THE MOST interesting events around Wall Street this week unfolded 6,720 miles away - in Marunouchi, the financial centre of Tokyo. Wall Street has been reacting in a predictably churlish and confused manner to what could have been viewed the best news for US stockmarket investors for years - the formal decision to let the dollar fall as far and as fast as might be required to put American industry back on a competitive footing.

There has been no such ambivalence in Tokyo. The threats of unlimited dollar devaluation now emanating from the White House and the Federal Reserve Board are probably the death knell for the post-war economic miracle of Japan.

But the Japanese have stared economic disaster in the face and found it reassuring. Their response to the recent extraordinary events throughout the international financial markets has been to go on an equity buying binge unparallelled in history.

This amazing resilience, and the connected issue of the dollar, account for the present extraordinary - and precarious - balance between the markets in Japan and the US.

Throughout the week, as the dollar collapsed - directly and deliberately threatening the profit margins of Japanese export companies - Kiichi Miyazawa, the Japanese Finance Minister insisted that the Bank of Japan would intervene "without limit" to try to stop the rise in the yen.

The Tokyo stockmarket was buoyed up by a powerful rally in export-oriented stocks. Japanese brokers, it seemed, were successfully convincing investors that the sharp fall in the dollar was good for exporters because it "precluded the possibility of further adverse currency changes", according to one market commentary. In other words, the worse things get today, the more they can improve tomorrow.

This argument reverberates with alarming echoes of the Panglossian analyses heard on Wall Street throughout last summer. But it might not really matter if equity prices in Tokyo ultimately fall by 20 or 30 per cent, as they did on Wall Street in October. Such a correction in Japanese stock prices might actually be seen as bullish in New York.

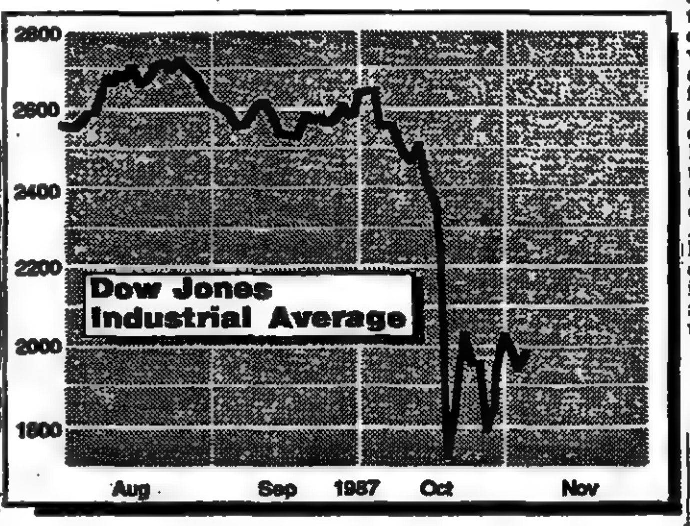
For until it does - or until investors are somehow convinced that current share prices in Tokyo are, after all, sustainable - it will be hard to claim that a worldwide correction of overvalued stock prices has been completed, that the speculative froth has finally been blown off the world's equity markets and that the foundations can now be laid for a solid, durable advance to new highs.

Wall Street

This is an argument which only matters to the irrepressible optimists who still believe that last month's collapse on Wall Street was just an exceptionally sharp correction in what is still the bull market of a lifetime. But there is another feature of recent financial events in Japan which could be more alarming even to those Wall Street investors whose expectations are much more modest - the ones who merely hope that a serious US recession can be avoided in the next year or two.

The US government's policy for averting an early recession now rests squarely on further devaluation of the dollar. The purpose of this devaluation strategy is threefold.

By letting the dollar fall below its long-term competitive level, the Federal Reserve Board hopes to remove the most important single constraint on further easing of monetary policy, should this become necessary to offset declines in domestic demand. Only when the foreign exchange markets are convinced that the downward trend in the dollar has finally run its course will there be much hope of reducing long-term US bond yields towards the kind of levels now seen in Japan and Germany.



Secondly, by boosting demand in the export and import-competing sectors of the domestic economy, the White House and Congress hope to compensate for the deflationary effects of whatever plan they may come up with to cut the US budget deficit. While budget talks are stalled in Washington there can be little doubt that some kind of deal will emerge to trim the budget by at least the $23bn required under the Gramm-Rudman deficit reduction law. But contrary to the conventional wisdom outside America, the pressure for a dollar devaluation to boost domestic demand may actually intensify in Washington if the politicians agree to cut the budget by more than expected.

The third and probably the most important reason for the dollar devaluation strategy is to promote long-term structural shifts in the US economy, towards manufacturing and exports and away from the service and financial sectors. Policymakers in Washington and investors on Wall Street have finally woken up, partly as a result of the crash in the stock market, to the fact that American manufacturing companie will have to start winning back their market share, both at home and in export markets, if stability and full employment are to be maintained in the US economy in the long term.

If American industries start succeeding in competition, the results could eventually be extremely bullish for the US stock market. But such victories will inevitably involve large losses for the export industries of other countries, most prominently Japan.

Unfortunately this issue is unlikely to be amicably resolved as long as the Japanese believe that they can hold onto the markets they have won over the last 20 years, as a result both of their extraordinary efficiency and of the long-term undervaluation of their currency. As long as the Japanese remain determined to preserve their export-oriented economic structure and to resist the new US policy of dollar devaluation, continuing financial turbulence lies ahead for Wall Street, Tokyo and the world.

Monday	2014.09	+	20.56
Tuesday	1963.53	-	50.56
Wednesday	1945.29	-	18.24
Thursday	1985.41	+	40.12

Anatole Kaletsky

Philip Coggan says investors must adopt new strategies

Ways to beat the bears

IT HAS NOT been too difficult to make money from equities in the long years of the bull market. Even an investor who underperformed the FT-SE 100 index would have earned a substantially higher return than one available on a building society account.

But investors will have to learn entirely new strategies to cope with a bear market. Take the recent passion for "penny stocks" - shell companies whose prospects and share prices could be transformed by the appearance of a new management team or the injection of a private company.

Sadly, for many private investors those stocks have been among the hardest hit of all in the recent crash. Acsis Jewellery, for example, one of the favourites of the penny tipsters, has fallen from a high of 285p to around 105p. After the "recent unpleasantness" in the market, the emphasis in stock selection is on solidity - on asset backing and assured profits growth.

Of course, choosing any sort of equity assumes that there is an end in sight to the bear market; that at some point over the next 12 or 18 months share prices will recover. It would be of little comfort to investors to buy shares which fell by "only" 10 per cent while the market was falling by 40 per cent - much better to keep the money in a building society.

So defensive stock selection does depend on a belief that there is light at the end of the tunnel - even though the portents look far from promising at present. However, assuming that there will be some bounce-back, there are a few sectors which seem to stand out from the rest.

Randal Goldsmith of James Capel says that investors should choose companies according to two basic principles The first is to aim for companies whose products are not too sensitive to changes in overall demand - such as food retailing, food manufacturing and breweries. Consumers will still eat and drink, the argument runs, no matter how the economy is performing.

The second principle is to avoid stocks exposed to dollar-denominated currencies. Randal Goldsmith says: "We would be underweighted in sectors like chemicals and textiles, which are very much exposed to the weaker dollar." The building sector, though, has its feet firmly planted in the UK.

Kenneth Inglis of Phillips & Drew broadly agrees with Goldsmith: "The investor should try to avoid US-related stocks and bank on the UK consumer, who will shortly reap the benefit of lower interest rates and lower taxes." Some specific stocks he suggests are GUS, Sears and Woolworths in the stores sector; Argyll and Tesco in the food retailing sector and Whitbread and Allied Lyons in the brewery sector.

However, stocks in those sectors have already outperformed the market during the downswing and might be more attractive to professional, rather than private, investors. "Many fund managers have equity funds and don't have the option of switching into cash or gilts," explains Nick Whitney of Warburg Securities; "So for them the defensive stocks are appealing because relative performance is just as important as absolute performance".

Also, the recent outperformance of "defensive" stocks, such as food and breweries, prompts the counterargument that, in any upturn, those stocks which have been hit the hardest (stocks related to the US and dollar-denominated earnings) would bounce back the quickest. Nick Whitney is unconvinced. "That would be a very risky strategy," he says, "given the risks of upsets in the US economy."

One traditional strategy in a bear market is to invest in yield stocks: stocks which pay hefty dividends rather than those which provide capital growth. And some of the current yield stocks have other defensive qualities - British Gas, for example, has income largely based in the UK, and demand for gas is relatively insensitive to declines in overall consumer spending.

There are, however, very few stocks which offer yields that are more attractive than those on gilts or even on a building society account. And some stocks have high yields only because they are very risky.

Another potential defensive sector is those companies with strong asset backings. The property sector, which had been trading at a substantial premium to net assets, is now largely back to its traditional discount. In some cases property companies may be exposed to the effect of the crash on City property prices; other property prices may be less sensitive to the stock market climate. Investment companies like MEPC, now trading at a discount of over 20 per cent to its estimated asset value, may appear attractive.

A search for companies with a combination of the various defensive financial characteristics throws up some interesting candidates. By taking companies with a market value of over £50m, a dividend yield of over 5 per cent, dividend cover of more than 1.5 times, a p/e ratio of less than 20 and net assets at least 80 per cent of market value, only 27 stocks get through the net.

Of those 27, seven are banks which have their own weaknesses in terms of exposure to the financial crisis. Some of the others can also be eliminated on the grounds of waning takeover interest or exposure to overseas markets. Of the rest, two - perhaps they stand out because they meet the industry sector preferences of analysts - are the breweries Greenall Whitley and Scottish & Newcastle.

The former has a yield of just over 5 per cent, a p/e ratio of 8.5, dividend cover of three times, and net assets of above its market value. S & N looks slightly less attractive: it has a higher p/e than Greenall, is at a premium to its net assets, and it may suffer from an overhang of stock following its recent successful bid for Matthew Brown.

But however sensible the defensive strategies on offer, the lingering fear for the private investor must be that confidence in the market is so low that any equity-based portfolio is doomed to failure. The risk-averse private investor might decide that for the moment, the best defensive strategy is to hold on to cash for dear life.

John Edwards fears a new home loans war

Mortgage scramble

A GENERAL cut in the cost of home loans is expected following the further 0.50 per cent reduction in the bank base rate this week to 9 per cent.

Halifax Building Society was the first to react, cutting its mortgage rate from 11.25 to 10.3 per cent with immediate effect for new borrowers and from December 1 for existing borrowers. Abbey National confirmed that it too would be cutting its rate, but decided to delay naming a new figure until it was sure the new base rate would stabilise at 9 per cent.

Some analysts are predicting that the Chancellor might put the pressure on for another cut in base rates, if sterling continues to gain ground against the dollar or if US rates came down again.

Other societies, and the banks, may join Abbey National on the fence until the interest rate mist clears. But the Mortgage Corporation had already reduced its home loan rate, even before the latest reduction in base rate, from 11.1 to 10.5 per cent.

The downward trend in the money markets makes it likely that other specialist lenders will introduce more competitive mortgage rates and spark off a new war in the home loan market which has been fairly quiet recently with little variation on the standard rate of 11.25 per cent charged by most societies and banks.

As usual the banks have acted quickly to cut the interest rates they pay on deposit and investment accounts. So the high rates being offered by building societies, who are more slow to react, are even more attractive. Particularly appealing are the guaranteed differentials, over and above their basic share rate, offered by several societies.

A safer place to stay

The building societies are capitalising on their reputation for security, reports John Burke

SOMEONE at the Building Societies Association recently went down to the basement of the headquarters in Savile Row, London, to dust off a file showing that back in 1930 members' deposits grew by one fifth after the stock markets crashed. Admittedly, the euphoria among building societies is tempered by the realisation that settlements on Black Monday on the London Stock Exchange could still see some hefty withdrawals by over-committed shareholders, who suffered heavy losses. Yet several building societies have already noticed sums of about £2,000 being switched back from bank accounts - presumably by punters who had second thoughts about BP.

Britain's largest privatisation had been expected to provoke one of the biggest net outflows in the history of the building society movement. However, the threatened total minus of £1bn in October has actually become an estimated plus of £500m. This compares with a net inflow of £667m for August and £197m for September when an extra £500m was raised on the capital markets by the societies to boost available funds.

Aware of the changed mood among investors, the big societies like Halifax, Abbey National, Leeds and Woolwich have begun placing apocalyptic advertisements extolling the virtues of steady-as-she-goes security.

The building societies should not need to stress safety, because the Association's membership rallied round even after the collapse of Gray's (following a £7m swindle) some years ago. Moreover, last month saw investors' protection enshrined in law to the tune of 90 per cent of the first £20,000.

Instead, the societies can point out that their top interest rates beat even the best yields from sound yet slumped blue chips on the stockmarket. And for people paying tax at 27 per cent they also have the edge on National Savings or the banks' high interest cheque accounts (HICA).

Leaving out monthly income, Britain's 120 building societies offer three alternatives for short-term savers who either await an upturn in the stockmarket or else need a nest-egg in case they are ousted from their job in the Garden of Mammon. These are lump sums, term accounts,and guaranteed differentials.

The minimum for lump sums at high rate is generally between £5,000 and £30,000, although Peckham will take as little as £2,000 for its Supershares. Anything above that can be withdrawn without penalty, otherwise it is on notice of three months. However, the 8.5 per cent is typical whereas half a dozen societies may still be offering more.

The highest is 9.10 per cent from Standard which limits its Sixty Plus account to senior citizens. Lancastrian pays 8.75 per cent on £15,000 at no notice, while Chesham and Scarborough are also good.

Several building societies - particularly Greenwich - can just about beat 9 per cent for the medium term, while Chelsea and Leamington Spa have been on the verge of withdrawing their bonds for £10,000 and £20,000 respectively; interest is paid at the end of the year's life. Bolton has a similar plan at six months' notice, but allowing withdrawals without penalty above the first £10,000.

Elsewhere, the norm is two to three months for access. Tynemouth accepts the lesser period to offer 8.75 per cent on as little as £500 whereas Penrith offers 8.76 per cent on £1,000 at three months - with anything extra accessible at once. Even higher rates are offered on larger sums at such societies as Shepshed and National Counties as well as Norwich & Peterborough.

Several societies also offer top rates, which although as variable as the rest, promise to be pegged some three to four points above the ordinary share rate — currently at 5 per cent in general. The differential may be guaranteed. But there is nothing to stop a society from cutting its ordinary share rate artificially low though this kind of ploy has brought some complaints to the Advertising Standards Authority.

However, one of the best differentials is an extra four points guaranteed for two years - currently meaning 9 per cent - on a mere £500. The society offering this is National Provincial, which uses its near namesake, Allied Provincial, for stockbroking services in case you are poised for equities again.

Yet the best of the bunch is always likely to be Guardian Building Society whose single office opposite Holborn tube station makes it handy for City workers. Although its Supershares rarely match the peaks, provided by the special offers of rivals, in the long run they beat the field for as little as £1,000. This is at six months' notice, but after £10,000 access is immediate.

Guardian's present top rate is 8.75 per cent, annualised (the same can be done to all the above rates except one-year bonds) to 12.23 per cent before standard income-tax. Payers of higher rates would do better with a tax-free National Savings scheme.

The other big factor is whither rates now? Nationwide, for example, is cautious about a likely move downwards, as it reckons that the USA could jerk the money markets even higher next year.

Since societies' rates and plans are changing fast, get hold of the latest facts and figures from:

Building Society Choice, Riverside House, Rattlesden, Suffolk IP30 0SF (04493) 287

Building Society Shop, Maid Marion Way, Nottingham NG1 6BH (0602) 472595.

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Richard Tomkins looks at some anomalous results of the failure of the BP share flotation

Time to buy BP?

ONE LITTLE observed and certainly perverse consequence of the great BP flop is that its effects could in one way actually encourage wider share ownership rather than the reverse.

Some 6.5m people registered with the BP share information office in the run-up to the offering. Not surprisingly, only 270,000 of them actually applied for the shares when it became clear that the issue would fail.

This means that well over 6m people remain whose appetite for BP's shares has been aroused but not satisfied. Many of these people are contemplating whether the shares, now at a 33 per cent discount to the original offer price, should be picked up on the cheap in the marketplace.

Some reports suggest that many investors have already gone on a buying spree. If the habit spreads, it could mean that small investors are at last breaking out of the strait-jacket that says the only time they ever buy shares is through new issues and employee share ownership schemes.

But whether buying BP's shares at this week's levels is the right opportuniy to become a marketplace buyer is open to question.

The argument in favour is superficially attractive. At yesterday morning's 79½p, even quite a modest upturn in the price would be high in percentage terms. Such a low price also produces a high dividend yield: for the current year, a notional 22 per cent gross. And all the while, the downside is limited by the Bank of England's promise to buy any unwanted shares at 70p without any dealing costs.

Further, the special dealing arrangements provided for smaller applicants apply to buyers as well as sellers in the BP aftermarket. Buyers can therefore use the 21 regional co-ordinators whose names and addresses were listed at the back of the prospectus. These offer special dealing rates of £15 on deals worth up to £600, a better rate than the usual £20 offered by the banks and other brokers.

Yet there are objections on all scores, both for the short-term investor and the long-term one.

The short-term investor's dealing costs may be lower than normal but are still prohibitively high in relation to small numbers of shares. And the costs of both buying and selling will have to be covered before any profit can be shown.

It is true that a sudden rise in the share price could be large in percentage terms. But left to its own devices, the price will go down because it is at present artificially buoyed by the Bank of England's safety net: the nearer the expiry of the Bank's arrangement, the greater the downward pressure. To expect an upward movement in the price requires considerable faith in a rapid recovery of the wider market - or a bid from the Kuwait Investment Office.

For the longer-term investor, the buying costs are still a disincentive. Further, buyers in the secondary market do not qualify for the one-for-10 loyalty bonus three years' time. That means the only remaining reason for buying BP's shares in preference to any other company's is if BP's look undervalued.

Unfortunately, they do not. In spite of the debacle over the share offering, they have outperformed the wider market over the last few weeks from a position where many observers already regarded them as overvalued next to Shell's.

Meanwhile all the advantages of the partly-paid stock - the dividend, the time value of the unpaid instalments - are already reflected in the price. At 289½p on a fully-paid basis, this is already at a 38½p premium to the price of the fully-paid stock - far higher than anyone would have suggested it deserved to be a fortnight ago. When the entitlement to the dividend passes, and as the second and third instalments fall due, so will the capital value of the partly-paid shares fall back in line with that of the fully-paid stock.

Overall, then, BP's partly-paid shares might have some attractions to the high-roller who expects a sudden dramatic upturn in the market. But for others, this is probably not the share on which to take a first venture into the aftermarket.

Small change

FURTHER TUMBLES in the stock market this week have probably left holders of recent privatisation issues sighing with relief that most of the stocks are still above their issue prices. But investors who decide to quit while they think they are winning could be in for a nasty shock

The combination of recent price falls and the increase in commission rates on small transactions means that nearly everyone who bought shares in this year's privatisation issues would show a loss if they sold their investments now.

Even before the stock market crash, the paper gains would have been illusory. With brokers these days charging a minimum commission of anything up to £50 per transaction, it is a common gripe among small investors that it is extremely difficult for them to turn an honest penny.

The most common method of dealing for inexperienced investors is probably through the banks. These mostly charge a painful but not outlandish commission of £20 (plus VAT and stamp duty) on small transactions.

Unfortunately, however, the allocations in this year's privatisation issues have been so small that even the stocks still showing gains would not produce enough profit to cover these dealing costs.

The small investor who applied for £1,000 worth of shares in British Airways, for example, would have received just 200 costing £250 fully-paid. Yesterday's opening price of 133p, still 8p above the 125p issue price, suggests that our investor is still sitting on a profit of £16: but take off around £23 in dealing costs, and the actual out-turn is a net loss of £7.

It gets worse. No applicants in the BAA offer received more than 100 shares, costing £100 at the issue price. So with the partly-paid 100p shares at 102p yesterday, the gross profit is down to just £2 and the seller would realise a loss of £21.

The position with Rolls-Royce verges on the disastrous. Most small investors received 150 shares costing £255 fully-paid. The shares have performed dismally since and were yesterday 125p, some 45p below the 170p issue price. Add the £67.50 paper loss to the £23 dealing costs, and someone deciding to get out now would have lost £90.50 - a third of their money.

On that basis, it is not surprising that many small investors prefer to weather the storm in the hope that calm and prosperity lie on the other side. Probably this is right; after all, the shares might one day recover, and if they do not, why throw good money after bad by lining the pockets of the intermediaries?

Richard Tomkins

New support for SIB

Barry Riley examines a report from a major unit trust adviser on pricing of units

ONE OF the biggest unit trust advisers this week stepped into the middle of the row between the unit trusts and the Securities and Investments Board (SIB) over the pricing of units.

John Greener, chairman of Richards, Longstaff, which looks after some £170m of clients' unit trust portfolios, has submitted his own report to SIB.

He comes out basically in favour of the controversial proposal to move to forward pricing - that is, units will be priced "blind" on the basis of the next valuation rather than the previous one. But he insists upon the need for a modification.

He explains that as an independent intermediary he is obliged to give best execution. "We have some obligation to know at what price we are dealing on a discretionary basis," he says.

So his compromise plan involves the introduction of an "open window period" of two hours during the middle of the day. At 11 a.m. the fund would be valued and the trustee would be informed of issue and redemption prices by 12 noon. Then dealings would be done at a fixed price until 2 p.m.

After that the window would be closed. Any subsequent dealings would be on a forward pricing basis, linked to the next day's valuation.

Greener says that the window is necessary because a company such as Richards, Longstaff is not like an ordinary unit-holder who may want to deal in a few hundred or a few thousand units. Greener and his men may want to buy or sell a million units at a time. In these circumstances the scales may be tipped against them.

It is not so much that market prices may move the wrong way for them during the hours between the placing of an order and the valuation of the fund that evening or the next day.

The bigger problem is that on receipt of a big selling order the unit trust managers may move the pricing from an offer to a bid basis, which could make a difference of 6 per cent.

This, he argues, would make it extremely dangerous for advisers like Richards, Longstaff to deal on a forward pricing basis.

In general, however, John Greener accepts SIB's argument that dealing on the conventional historical pricing basis can be unfair to investors who continue to hold units over an extended period. Professionals close to the action, including the management company, can gain an advantage.

"At present there is scope for the manager, when deciding to create or cancel units, to take advantage of information not available at the time of the manager's valuation and in knowledge of market movements subsequent to it, to the disadvantage of participants," he writes in his SIB submission.

He claims that continuing investors can suffer even more seriously in some insurance funds which allow switching between specialist sectors. In this case the problem is not so much pricing as the fact that the switching charges are too low. So it works out that investors who do not switch are paying some of the costs of those who do.

Mr Greener says there is evidence that performance is suffering quite seriously in some heavily-switched insurance funds, to the extent that investors may no longer be well-advised to go into them. "This is beginning to become clear," he says.

A complication is that the SIB proposals do not cover insurance funds because the Board has no jurisdiction over them. They are still controlled by the Department of Trade and Industry.

So long as a "level playing field" is not attained, says Greener, suspicions could develop and existing investors could suffer from a lack of protection.

"It is essential that exactly the same regulations apply to collective investment schemes managed by life offices," he says. "The duties of the trustees of these funds must be the same as the trustees of authorised unit trusts."

He is also on the warpath over settlement arrangements for unit trust deals. These are not at present covered by the draft SIB rules, but he thinks they should be.

There have, of course, been a great many complaints about delays in recent months as unit trust back offices have been swamped with paperwork because of the boom in business which developed during the latter stages of the bull market.

On the one hand, private individuals usually have to pay in advance for units, even if they have to wait many weeks for their certificates. On the other, cheques for the proceeds of sales can take a long time coming - in some cases until the fifth week after redemption, says Greener.

Therefore, he is proposing a system of seven-day settlement, with automatic penalties if this timetable is breached. But he accepts that it may not be possible to introduce this until the Stock Exchange has speeded up its own settlement arrangements, which delay payment for between 10 and 24 days.

John Edwards finds a puzzled mood at the Money Show

No retribution

ANY FEARS that the Money '87 Show at Olympia in London would be a flop, following the steep fall in stock markets, were quickly dispelled at the opening of the show on Thursday morning.

Queues at the entrance quickly built up, as visitors flocked to get in. Exhibitors, who might have expected to receive some rough treatment from investors suffering from heavy losses, found instead that their clients were mostly in a puzzled mood. They were seeking information rather than retribution.

Barclays, for example, found that private investors generally seemed prepared to sit on the fence and ride out the stock market storm. "The fence has become pretty crowded," commented one salesmen. "But they are taking a responsible attitude and seem more worried about income yields than capital growth."

One visitor, Wilfred Mullen from North Devon, joked that he had come to weep at the wailing wall. But he was not despondent. He had lived through the 1971 and 1974 setbacks and was just looking for the bottom of the market to go in again.

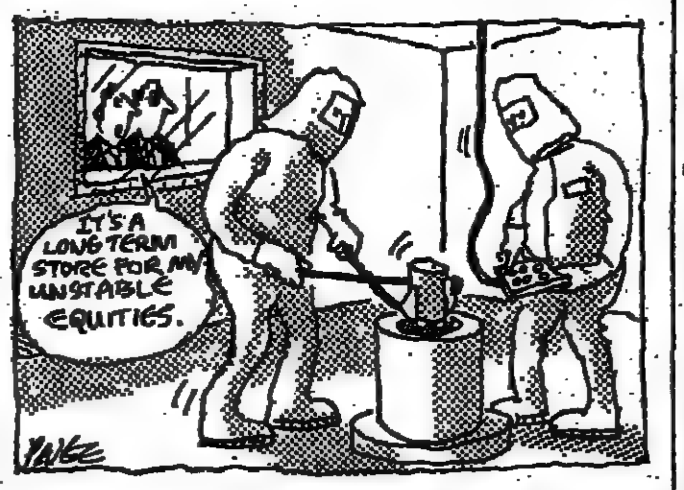
Stephen Beckett from Bournemouth was concerned about some dollar-based holdings. He had come to the show to find out, if possible, what to do about them.

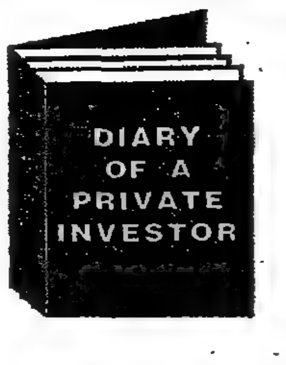
A Mrs Brown from Portsmouth, due to retire shortly, had also come seeking information. She was one of many retired people who came to the show seeking advice about what to do.

Perhaps the voice of wider share ownership was best expressed by a cleaner, just before the show opened. On learning the exhibition was about financial services, his blunt question to a bewildered exhibitor promoting a chart service was: "What about my Glaxo shares? They've been hammered".

Kevin Goldstein-Jackson fears that some investors might soon be hit hard by the Inland Revenue

Now for the tax demand





MUCH WAS made of November 3, the Stock Exchange settlement date, and the people who were unable to pay for shares which crashed in price during the last accounting period.

There is a date of more significance to most private investors: December 1, when most of them will have to pay the Inland Revenue the capital gains tax on their dealings during the 1986/87 tax year.

I have already set aside the appropriate tax sum, but I suspect that many private investors have not. Lured by the lush profits of a booming stock market in the 1986-87 tax year, many people have probably reinvested all those profits on the stock market in the hope of making even more money before having to give the Inland Revenue its share.

What will they do as December 1 approaches? They cannot offset the current year's losses against last year's gains, so they will have to sell some of their shares or other assets to meet their tax bills. Perhaps some larger investors will instead buy strategic stakes in small companies in order to boost their share values to an extent where they can make a quick profit large enough to meet their tax bills.

Hopefully, this will boost the value of my shareholdings in small British companies. There are still more than 50 companies with a full stock market quotation and capitalised at less than £5m. I now have investments in nine of them, having at the end of October made small purchases of shares in Flexello Castors and A.J. Worthington.

I know this is risky. If the market drops sharply again I could well find it almost impossible to sell those shares - but they are only a part of my share portfolio. Some of the companies have undervalued assets and all of them will, I hope, increase their profits.

Many City institutions produce December 31 year-end accounts for their investors. I would expect some of them will wish to show that their portfolios have a larger element of cash than last year. Some may now try more speculative investments in the hope of improving their year-end figures and thereby their positions in the league tables of unit trusts and insurance companies.

Share prices remain at relatively high levels, in spite of recent dramatic falls. Most of the shares I bought in 1985 and 1986 are still considerably higher than their purchase price.

But general uncertainty in the world stock markets remains - particularly in Wall Street. So I will continue to view the market with caution and retain some cash. If there are any sudden steep price increases in any of my shareholdings, I will be tempted to take immediate profits rather than hold on for the longer term.

Indeed, I am almost persuaded to accept the redefinition of "long-term investment" as "an investment originally held for the short term that went wrong." In this category I would put my September purchase of Midsummer Leisure shares at 500p each and which have dropped so rapidly in price it pains me to think about it.

Last week Shiloh – the textile spinning, medical disposables and protective clothing group – announced that its profits for the half year to October 3 were up from £494,919 to £697,914. I felt that such good results were not reflected in he share price of this fairly small company and so I made a modest purchase of its shares at 317p each.

But I am also concerned at the level of earthquake activity reported in the US and Pacific regions this year. Is it building up to a major disaster?

For the brave

John Edwards reports on a new and more aggressive approach from unit trust groups

AFTER *advising everyone not to* sell (well they would, wouldn't they?) while the markets continued to crash, unit trust groups are now adopting a more aggressive approach.

The message, which so far appears *to have appealed to the* private investor in particular, is that the market fall provides a good opportunity to buy shares cheaply. So a spate of new funds has been launched on the basis that trusts, unencumbered with *existing bombed out-stocks*, can start with a clean slate and make the most of any market rally.

Leading this particular pack is Fidelity, which today(Saturday) launches a Recovery Trust - "designed specifically to exploit the new investment opportunities".

Barry Bateman, Fidelity managing director, expects the wild gyrations in the stock market to continue for some time but that it will be possible for their fund managers to pick up stock in well-run, asset or cash-rich companies at what, long term, will be seen as bargain basement levels.

He admits that the Recovery Trust is high risk - "only for the brave", but adds that "it is the brave who really make money in the long run".

Because of the volatile nature of the markets, there is no fixed offer price, except for a very limited period. Up until 9 p.m. on Monday there will be a special price of 25p. Minimum investment is £1,000 and Fidelity says it will require immediate cash settlement to ensure cash flow to act quickly.

Kleinwort Barrington is going ahead with launching a European Special Trust. Managing director, David Glasgow, who recently moved from the Abbey *Life group*, claims that while the recent shake-out in world stock markets has tested the nerve of investors, it has created a "unique opportunity" to take advantage long-term of indiscriminate falls in share prices. Minimum investment is £500.

EBC Amro has taken a different tack. It is relaunching its Traded Currency Fund following a link-up with Fintech International, which runs a computerised technical trading system. Under the new arrangement 25 per cent of the fund's net assets will be devoted to dealing in currencies on a short-term basis, while the remaining 75 per cent is invested in cash or financial assets with a maximum maturity of 18 months.

Shares in the Currency Trade Fund are available at a discount of 0.75 per cent on the quoted share price until November 27. There is a fixed initial charge of only 3 per cent and an annual management fee of 1.25 per cent.

Scimitar, part of the Standard & *Chartered* Group, has postponed the launch of an Asian Smaller Markets Trust, planned for today.

The company said that with the recent turmoil in the markets many investors are, for the *moment, somnewhat wary of* committing money. In the circumstances it feels that a more appropriate vehicle is the Scimitar regular savings schemes for unit trusts, which gives a three per cent bonus allocation of units on each monthly investment.

Nowhere escapes

GILTS AND international bond funds were the only bright spots in the unit trusts during October. According to Financial Adviser magazine the average offer to offer price of gilt and fixed income funds rose by 0.6 per cent, with *the top performer (Royal Life* Gilt) showing an increase of 10.6 per cent. However, the funds in this sector which were linked with convertible stocks had a bad time; the offer price of the BG Convertible & General trust, for example, dropped by 23.1 per cent.

Among the other unit trust sectors, the worst average performance was recorded by Australia Growth funds. They dropped by 41.2 per cent, although prices of several funds were not included. Second worst, somewhat surprisingly, were commodity and energy funds, which fell by an average of 36.7 per cent. Especially surprising was that the poorest performing fund, with a decline in the offer price of 46.6 per cent was the NM Schroder Gold fund--demonstrating that gold seems no longer to be a safe haven in times of disaster.

Far Eastern Growth funds were not much better. Their offer prices slumped by an average of 36.2 per cent during the past month, with Fidelity SE Asia losing as much as 49.4 per cent.

Average offer prices of North American Growth funds were 32.4 per cent down; financial and property 30.4; international growth 28.7; UK growth 26.6; Europe growth 26.3; investment trust units 26.1; Managed funds 25.6; UK General 25.4; UK Equity Income 22.4; International Income 19.8; UK Mixed Income 19.6; and Japan growth down 19 per cent.

These averages, for monthly offer to offer prices, include some very wide variations. But they show that the decline in share values was widespread and not confined to one or two markets; effectively killing the concept that there is safety in having a geographical spread. *Whichever market* you were in, with one or two minor exceptions, you suffered severe losses and the smaller markets were the worst in that it was almost impossible to get out on some occasions.

John Edwards

BES may benefit

THE DECISION by Smith & Williamson Securities to postpone its Business Expansion Scheme issue for Cavendish Retail raises the question of how much the BES is likely to be affected by the stock market crash.

"Most people said that the crash wouldn't make any difference to their investment decisions," says Gareth Pearce, a Smith & Williamson director, "but the major stockbrokers said that they wouldn't have the time to focus on a BES issue at this time." So the offer has been deferred until January. "There's no downside in delaying," Pearce believes.

The indefatigable Charles Fry of sponsors Johnson Fry actually cited the crash as a positive factor in his letter accompanying the launch last week of a *scheme for Fownes Hotels.* "Investors may well have pulled money out of the stock market and have been saving it for BP and may therefore be more liquid than usual," he says. "The attraction of a company with a solid property asset base, as opposed to volatile shares, must be enhanced by the shakeout."

Although Fry may be optimistic in arguing that the crash will prove a boon to the BES, there are grounds for arguing that the effect will be muted. The nature of the BES means investors are tied in for at least five years, so short term fluctuations in the stock market are of comparatively little importance.

In addition, the income and capital gains tax relief granted to BES investors puts share-buying decisions on a different basis from those for quoted stocks. "People will still be in search of tax-efficient investments," argues BES commentator Robin Boyle of stockbroker Stancliffe, "and they were probably already aware of the riskiness of BES companies."

John Dodwell of Chancery Securities agrees: "I don't see a downturn in the BES," he says. "There have been some recent successful buyouts of schemes and I hope for an increase in BES investment this year."

But Steven Rowe, the analyst at *BES Investment Research*, is less sanguine in the short term: "Some investors are obviously going to sit on their hands and wait and see - perhaps City people will have less spare cash."

It may prove difficult to tell who is right. November and December are traditionally quiet months for BES launches and by the time the BES season gets into full swing in January, the mood in the stock market may be quite different.

Philip Coggan

John Edwards explains why a charity-linked unit trust is not all it purports to be ..

Slightly off Target

Charity begins at home but Target Group seems to have forgotten this in launching its new Global Opportunities unit trust in association with the Save the Children Fund.

Great play is made in promoting the new ethical trust that it will provide a "long term and growing source of income" for Save the Children: the fund will receive more than a third of the annual management charge imposed by Target to run the unit trust investment portfolio.

However, not so well publicised is the fact that for this particular unit trust Target has increased its annual management charge to 1.50 per cent - about one third above the normal level. SCF is taking 0.56 per cent. But it is the investor, not the group, which is actually contributing to charity by having to pay a higher management charge.

Target also says it is "promoting the Global Opportunities Trust entirely at its own cost..." In fact it is making the normal 5 per cent initial front loading which all unit trust groups use to cover their promotional costs, at the expense of the investor.

Dylen Evans of Target says that without the Save the Children link they would normally have raised the management charge to 1.25 per cent annually, especially as the new trust is being given special treatment as a flagship fund, using the resources of the whole investment management team. But after canvassing the opinions of intermediaries it had agreed to a Save the Children fund request to put the charge up to 1.5 per cent and give them more than 0.5 per cent, so that for every £10m under management, the charity will receive more than £50,000.

He admits, however, that all the existing Target funds charge only 1 per cent for management. In fact the main difference between the new trust, and the existing Target Special Situations or Worldwide Capital funds, which both have one per cent charges, is that the Global Opportunities fund will be what is known as an "ethical trust". The managers will not invest in companies earning a substantial proportion of their profits from tobacco, gambling, alcohol or armaments, or in countriers which practise apartheid. There will be a special investment advisory panel.

Other groups have already demonstrated that ethical funds of this kind can achieve as good, and sometimes even better, returns than normal funds in spite of the restrictions on investment areas.

By investing in special situations, smaller companies and emerging countries, the Global Opportunities trust will have a high risk/reward and is therefore suitable mainly for long-term investors.

During the initial offer period up to November 27 the unit price will be fixed at 50p and there will be a 1 per cent bonus allocation. Minimum investment is £500.

The Target group is now owned by the TSB. A rival banking group, the Bank of Scotland, has recently announced a financial product with a more genuinely charitable link with another childrens' charity - the National Society for the Prevention of Cruelty to Children(NSPCC).

Bank of Scotland publicity material for the Visa credit card that makes a financial contribution to the fight against child abuse

Claimed to be the first charity Visa card in the UK, the NSPCC Visa Card performs all the functions of a normal credit card. But every time a card account is opened the Bank of Scotland donates £5 to the NSPCC. The Bank will also make further donations to the Society based on what is spent with the card. So by using the special NSPCC card you can directly benefit the NSPCC without incurring any extra charges.

Sir Mark Weinberg, who is honorary treasurer of the NSPCC, says the new card would provide real practical help and protection to thousands of children suffering from abuse and neglect at no cost to the user.

Full details can be obtained by dialing 100 and asking for Freefone Bank of Scotland, or by applying direct to the NSPCC, 67 Saffron Hill, London EC1N 8RS, or the Bank of Scotland Visa Centre, Freepost, Dunfermline, Fife, KY99 5BR.

CHESS

AFTER THREE weeks of the world chess championship in Seville, it is clear that the holder, Gary Kasparov, is having to struggle to find his best form. Kasparov, 3-4 down to Anatoly Karpov after seven games, has shown many symptoms of an out-of-touch player: inordinate hesitation at early stages of the opening, time trouble at the clock control with sometimes ten moves to make in a minute, and even tactical oversights.

Mixed with these have been flashes of authentic Kasparov genius, notably in a classical handling of his rooks in game four and the way he saved a difficult position in game seven. He had a defensive bishop against Karpov's active rook, but drew by a remarkable triple pawn sacrifice, played at blitz speed following the overnight adjournment and evidently the product of successful team analysis.

Karpov has played more evenly: solid, sound, and increasingly confident. His game two pawn sacrifice (this column October 24) brought him a crushing win, still the best of the series so far. Then in games five and seven, meeting Kasparov's now favourite Grunfeld Defence, he produced another surprise: play started 1 P-QB4, N-KB3; 2 P-Q4, P-KN3; 3 N-QB3, P-Q4; 4 PxP, NxP; 5 P-K4, NxN; 6 PxN, B-N2; 7 B-QB4, P-QB4; 8 N-K2, N-B3; 9 B-K3, O-O; 10 O-O, B-N5; 11 P-B3, N-QR4; 12 BxP ch, RxB; 13 PxB.

On the face of it, this was a debatable choice. In return for his pawn minus, Kasparov had excellent active piece play, and textbook theory is almost unanimous in counselling against 12 BxP ch. But Karpov decided that white's position was solid and that the black forces could overreach.

That was exactly what happened in game five. Kasparov's pieces poured into the Karpov camp, the white king was on a limb at KR3, a black knight even reached the strange square KB8. However, Kasparov had spent 80 minutes pondering how to combat 12 BxP ch, and now had to play at blitz speed. He left his own king shorn of defenders, missed a tactical drawing resource, and totally missed Karpov's winning queen invasion.

In game seven, with the same opening, Karpov was still more impressive. He emerged from his defensive shell by an original queen manoeuvre (Q-QN1-QN3), threatened a winning attack, and forced the champion to surrender material. Kasparov again spoilt his chances under clock pressure, and needed his endgame rearguard action to save half a point.

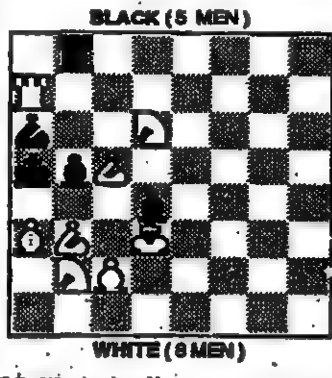
The series is now finely balanced. Karpov has the initiative, but both grandmasters will be aware that Kasparov has proved his superior stamina in the second half of all their previous matches. If Karpov can go two up, Kasparov will be under real pressure: otherwise the rule that the champion keeps his title by a drawn match keeps Kasparov the narrow favourite.

Whether or not Anatoly Karpov can defy almost all prematch predictions to regain his crown, his status as the best ever-ever tournament player is already secure. A most interesting analysis in the November British Chess Magazine (£1.40 from 9 Market Street, St. Leonards, East Sussex) lists the 63 strongest tournaments of all time, headed by the 1948 world championship and Avro 1938. Brussels 1986 is a surprising third, the GLC-Phillips & Drew events of 1982 and 1984 both make the top fifty, but the outstanding feature is that Anatoly Karpov was outright or joint winner of no less than 20 of the 63 super-tournaments.

By contrast, Kasparov has won only four, while the immortals Bobby Fischer and Alexander Alekhine (whose best successes were in one-to-one matches or in tournaments including some weaker players) do not feature at all.

PROBLEM NO. 696

BLACK (5 MEN)



WHITE (8 MEN)

White mates in two moves, against any defence (by G.Guidelli).

The black king's desperate position is obvious at a glance, and paradoxically the problem would be simple if it were Black's turn. The solver's problem is to find an appropriate waiting move for white.

Solution, Page XVII

Leonard Barden

Problems put on the line

ALL IN A GOOD CAUSE

Alice Rawsthorn looks at a source of support for child victims of abuse

"IN THE past year we have had criticism hurled at us from all sides: some of it fair, some not. But we have also provided a source of support for hundreds of children who had nowhere else to turn."

For Valerie Howarth, her first four months as director of ChildLine, the national helpline for children in need, have been far from uneventful. For ChildLine, which celebrated its first birthday yesterday, has lurched from controversy to crisis throughout its first year of existence.

The concept of offering a source of support for children who were endangered by violence, neglect or sexual abuse first surfaced in the summer of 1986. The BBC's current affairs department was then working on plans for a programme to investigate the incidence of child abuse in Britain.

A survey was commissioned among a group of adults to gauge how many people had suffered from abuse as children. More than 3,000 adults responded. Most were women. Most had been abused by their natural fathers. And almost all had remained silent about the abuse until the survey.

The BBC worked with representatives from children's charities and social services departments to produce proposals for a telephone helpline to offer counselling for any child with any problem.

On October 30 last year the BBC broadcast *Childwatch*, a programme presented by Esther Rantzen, which illustrated the extent of the child abuse problem in Britain, and officially launched ChildLine.

The response was overwhelming. More than 50,000 children tried to contact ChildLine on the first day alone. Some children suffered sexual abuse within their families, others were subjected to violence. Some called to talk about their parents' marital problems, others about bullying at school. ChildLine was unprepared for the deluge and unable to cope.

It then consisted of five counsellors and a group of volunteers working from one room in central London. The switchboard was flooded with calls. The telephone lines were blocked throughout the day. Children in desperate need called again and again only to find the lines engaged.

These problems were compounded by the challenge of counselling troubled children. Many of the counsellors were experienced in working with children, from previous careers in education and social work. Other charities with experience of running helplines - such as the Samaritans - offered advice. But no-one had ever attempted to offer telephone counselling for children on such a scale before. ChildLine was venturing into uncharted territory and had to learn from experience.

The strain on the staff was enormous. The people who worked at ChildLine in its early days not only had to cope with the emotional strain of offering support to children in desperate need, but with the adminstrative problems of creating a new agency. Many of the original counsellors and volunteers - including the first director - have left.

To the popular press, which had been following ChildLine's fortunes, these departures provided more ammunition with which to attack the charity.

From the very beginning the media's attitude to ChildLine had been distinctly ambivalent. Before the *Childwatch* programme the problem of child abuse had not been seriously explored by the British media. Immediately after the programme many newspapers ran "investigative stories" - some making valuable contributions to the debate - on the issue. ChildLine was frequently presented as the panacea for the problem.

But there was another sided to the coverage. ChildLine was criticised for failing to answer every phone call, for "deceiving" children by purporting to offer a solution to their problems, and for "breaking up" families.

The attacks intensified in the early summer, with the Cleveland case - in which a group of doctors and social workers in Cleveland were accused of being over-zealous in acting upon cases of suspected child abuse.

Whatever the criticism levelled against ChildLine, child abuse had hitherto been depicted as a serious problem with which society had to come to terms. But the outrage provoked by the Cleveland case suggested that a significant section of society was simply not prepared to accept that so horrific a crime as child abuse was being perpetuated in its midst.

In the past year ChildLine has answered 160,000 calls and has counselled more than 20,000 children. It now has a team of 23 counsellors and 80 volunteers - supported by 15 administrative staff - who deal with 700 of the 8,000 calls attempted every day. Nearly all the children who call - up to 95 per cent - do so anonymously. Nevertheless ChildLine has referred 300 children to social services departments, the police or appropriate charities.

Its administrative structure is now firmly established. David Lang, who has been seconded from the Abbey National Building Society to work as assistant director, has organised its finances and set up a fund-raising network.

Since Valerie Howarth joined four months ago - from her post as director of Brent Social Services - she has concentrated on creating a support structure for the counsellors to help them to work efficiently and to call on colleagues for advice and assistance.

The priority is now to recruit more counsellors so that the charity can cope with more calls. It also plans to introduce a second line so that children who have built up long term relationships with the counsellors will be able to get through to them.

ChildLine also intends to expand regionally in order to ease the burden on the London office and to develop closer links with social services and charities in different areas. It is now working on plans for a centre in Nottingham, scheduled to open within the next six months.

These proposals will require additional funds. In its first year ChildLine has raised £1.7m, which is just enough to cover the running costs for an organisation of its present size. Most of the money has come from individuals, though the Government has given £50,000 and there have been corporate donations. It is now in the throes of raising more money to finance its expansion by establishing a City committee.

In the longer term ChildLine is concerned about the poor quality of care provided for the victims of child abuse. Valerie Howarth cites the example of a girl whose father was imprisoned, having abused her repeatedly. The girl now has to shoulder the psychological burden of the years of abuse and to cope with her father's imprisonment. Yet there is no state support for her. Similarly there is no provision to help the perpetrators of abuse.

"The responses that society has designed to cope with child abuse are entirely inappropriate to children's needs," says Howarth. "We must try to ensure that this is remedied. But in the meantime our objective is more immediate - to answer the telephones."

· FINANCE & THE FAMILY ·

Home for my baby

I wish to purchase a second house in the UK for investment purposes. I have a one-month-old son and I wondered whether it would be possible to buy a property in his name and to obtain a mortgage for him?

If I decide to sell the house in the near future, what would be the legal situation regarding the transfer of the money from my son to myself?

The house has to be held in the name of one or more adults. You can vest it in adult trustees who hold on trust for your son; but they would have to assume all liability under the mortgage. The net proceeds of any sale would then be held on trust for the beneficiary, but could not be returned to you unless you are made a beneficiary under the trust instrument.

Deposit on flat

In early September I telephoned an estate agent and stated that I wished to purchase a conversion flat for which that agent had sole selling rights. The flat was in the process of being converted by builders and was planned to be ready for inhabitation by the end of October.

The agent confirmed that I could proceed with the purchase, and that the flat would be held reserved in my name for 14 days. He asked for a refundable deposit of £250, the cheque to be made payable to the estate agent. He stated that reservation beyond the 14-day period would be dependent on my having sold my own property in the interim.

Subsequently, the agent phoned me within 14 days from the initial conversation, but after receipt of my cheque, to state that the flat had now been "sold" (by him) to another party. The reason given was that this was a cash buyer.

While I recognise that I did not have a contract to buy the flat, did I have a contract with the agent that prohibited him from selling elsewhere until after the 14 days? If so, what can I do about his breach of contract?

Does it make any difference that the cheque was refundable, i.e. does possession of my money for a period of time constitute consideration?

It is arguable that you contracted with the estate agent that he would not sell elsewhere during the 14-day period, or would not do so without first advising you of his intention to do so. The consideration for the contract would have been your depositing money with him thus depriving yourself of the use of funds during the period of deposit. The difficulty lies in determining what your damage is, since you have lost only the chance to buy the property at market value. You would, however, be entitled to some damages for the aggravation caused by the breach of contract. We doubt if this would exceed some £200 at best.

Transfer of shares

I am a widower with a son living in Australia, where I spend some of the winter months.

What would be the tax effect on my estate if I transfer part of my portfolio of shares to Australia?

Also the tax position, if I sold my son my house for what I paid, i.e £3,000 (present price £40,000).

If you are domiciled in England and Wales (or in Scotland or Northern Ireland), there would be virtually no effect.

There would be no CGT bill for you: your son would be treated for CGT purposes as having paid £40,000 for it. You would be treated for inheritance tax purposes as making a potentially exempt transfer of £37,000 - provide, of course, that you did not continue to live in it (or, if you did, that you paid a full commercial rent).

Cheque in advance

I had always understood that writing post-dated cheques was against the law. Is this the case?

It is perfectly lawful to post-date a cheque, so long as the fact of its being post-dated is not used to obtain a pecuniary advantage by means of a misrepresentation.

Unit trust regulations

Has the unit holder the right to receive the trust's balance sheet on a particular trading day?

Is there some body which has regulatory powers over the unit trusts?

(a) Not unless the terms of the unit trust's constitution (trust deed) make provision for a balance sheet to be made available on a particular day; and that is most unlikely.

(b) No, not as such.

Access to roadway

I own part of the small road running alongside my property. This road is used and maintained by several other property owners whose houses have access.

A further length of the road terminating in a cul-de-sac is not owned by me and is used for access by seven house owners, who have to use my road to gain access to the main road. Their houses were built before I acquired ownership of the road.

Planning permission for a further dwelling of the length of road not owned by myself is sought.

Could you please advise me whether permission to use my road must be obtained, and whether or not I can legally deny them access.

Failing this can I seek compensation for damage to the road which construction, traffic will inevitably cause.

Access by existing users is not contested, and maintenance of the road has largely been done by my neighbours.

Permission to use your strip of road would have to be sought from you. You can refuse such permission or sell it on whatever terms you choose to stipulate and the developer is willing to accept.

BRIEFCASE

Room with a view

My next-door neighbour has parked his caravan in his front garden on his drive in such a position that the side view from my windows is obstructed. There is ample standing space for this unsightly vehicle beside his house.

Can I politely insist that my neighbour parks his caravan in this space between our houses, where there would be no obstruction?

Alas, no.

Rules for auditors

What are the statutory qualifications required of a private company's auditors?

Who has the responsibility for presenting the audited accounts to the Inspector of Taxes?

Where are the actual legal regulations covering these two items to be found?

The auditor must be a member of the Institute of Chartered Accountants in England and Wales, the Association of Certified Accountants or the Institutes of Chartered Accountants in Ireland or of Scotland.

The Company's directors.

Companies Act 1985 sections 384-389; and the general law.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Demand for tax

I have received two "second applications" for the payment of income tax for the years 1981/2 and 1982/3. These are the first communications I have had from the Inland Revenue for the years concerned, apart from the enclosed "end of year certificates", which show no tax payable.

Since September 1978 I have worked overseas and my wife (since 1980) has also lived overseas since 1979. In the years concerned she was fully employed overseas. Our inspector confirmed that we are non-resident for tax purposes when rejecting our claim for MIRAS several years ago.

With regard to the present claims, I was not asked to fill in tax returns, and no assessments, no notifications of liability and no notes have been sent to me - only the two "second applications".

During the two years concerned our only sources of income in the UK have been rental income on our house (this was paid to our agent who completed a return for this income and received a zero assessment - as mortgage interest far exceeded net rental income, I presume) and interest on Government Stocks advertised as exempt from UK taxation for persons non-resident for tax purposes.

What information must the Inland Revenue give me regarding the origin and calculation of the sums claimed, and what should I do to repudiate the claims?

If you have not already done so, you should write to the Inland Revenue Accounts Office at Cumbernauld (enclosing the demand notes) and ask them for an explanation of the tax demands. From what you say, the most likely explanation is clerical error - the clerk has probably sent you demands for someone else's tax. There appears to be little or no checking before tax demands are issued: the Inland Revenue assumes that people will know whether or not they actually owe the tax shown on demand notes, and consequently it is considered that the cost of pre-checking is not justifiable.

BRIDGE

TWO HANDS from rubber bridge caught my fancy, so I must share them with you. In each case the declarer failed to see how to avoid defeat. We look first at this:

N
♠ 10 9 7 2
♥ K 10 6
♦ A Q 9 4
♣ Q J

W
♠ K 6
♥ J 8 7 2
♦ 3
♣ K 9 8 5 7 2

E
♠ A 3
♥ 9 5 4 3
♦ 8 7 2
♣ A 10 6 3

S
♠ Q J 8 5 4
♥ A Q
♦ K J 10 6 5
♣ 4

With both sides vulnerable South dealt, and bid one spade, and went four spades after a double raise from his partner. West led the three of diamonds.

As West's diamond lead had all the earmarks of a singleton, the declarer considered the position for some time. How was he to avoid the loss of a ruff in diamonds as well as two trump tricks and the ace of clubs? He decided to win with dummy's ace (East dropped the two) and return the two of spades, hoping that, if East held ace and another, he would take at once in order to give his partner a ruff. East, however, played low, West won with the king, and returned the two of clubs. Why did he not try a heart? you ask. Because he had taken East's two of diamonds as a suit preference signal for a club return. East won, gave West a ruff in diamonds, and defeated the game. Good defence, you say. I agree, but the declarer could have saved his contract. He cannot because of entry problems cash his two heart honours and discard his losing club on the king, but provided that West holds the knave of hearts, he can still prevent East from obtaining the lead. He should cash the heart ace, overtake the queen with dummy's king, and return the 10, on which he throws his club. This is the Scissors Coup - it cuts the lines of communication.

The next hand was dealt by South at a love score:

N
♠ 9 7 4
♥ K Q 8 3
♦ K Q
♣ A 8 7 2

W
♠ Q J 10 5 3 2
♥ J 6
♦ 7 6 4
♣ 10 3

E
♠ A K 8 6
♥ 10 9 4 2
♦ 10 9 8 5 2
♣ J 9 6 4

S
♠ A K 8 6
♥ A 7 5
♦ A J 3
♣ K Q 5

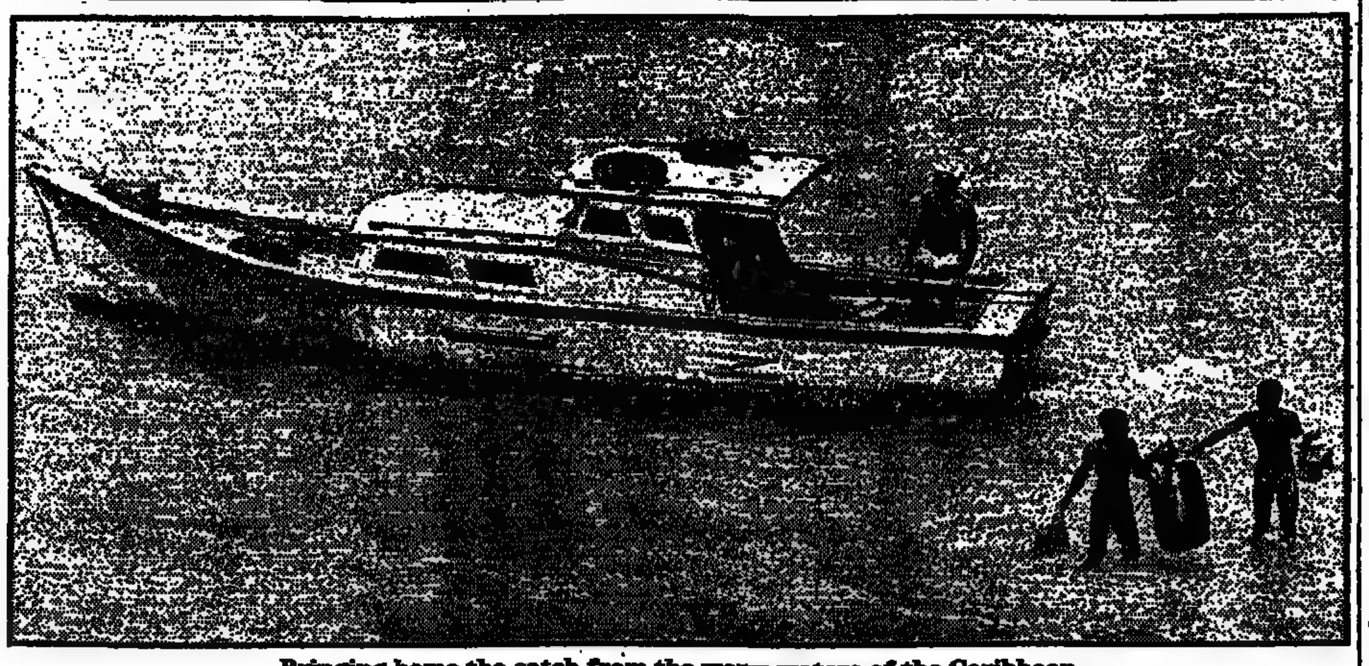
South bid two no trumps, North said three clubs (Baron), South replied with three spades, North jumped to six no trumps, and all passed.

West led the spade queen, on which East discarded a diamond, and South paused to see if a heart-club squeeze against East was possible. He decided against it, because both menace cards were in the North hand, but he let the spade queen hold. He took the knave which followed, tested hearts, but East held the guarded 10, then tried clubs, but East held the guarded knave. Result, one down.

The declarer did not pay enough attention to the spades. He should win the opening lead with his king, and cash three rounds of hearts - they break 4-2. He turns to clubs, cashing king, queen, and ace - again they break 4-2. But now he knows that West has two cards in clubs and hearts, and therefore three diamonds. He cashes three diamonds, and arrives at a three-card ending, in which West holds J 10 5 of spades, dummy holds 9 7 of spades and a club (or heart), while South holds A 8 6 of spades. The declarer leads the six, West wins with the 10, and dummy follows not with the seven, but with the nine. West is endplayed, and the declarer scores the last two tricks to make his slam. Very pretty, and so easy to miss.

E.P.C.Cotter

• TRAVEL •



Bringing home the catch from the warm waters of the Caribbean

Island of perfect smiles

Christine Burton visits Barbados which is just starting to admit cheap package tours

I LANDED at a chilly Gatwick, caught the train to Victoria and two City gents tried to pinch my taxi. That would not have happened in Barbados, I thought. Barbados calls itself The Smiling Island, and justifiably so. The smiles are genuine - and very attractive. I have never seen so many perfect teeth.

Although it is just beginning to admit cheap packages, Barbados's image is essentially upmarket.For example,there are some superb hotels. Sandy Lane, for instance, one of the Leading Hotels of the World, is the flagship of the Trusthouse Forte group, and is on one of the island's finest beaches.It has 112 rooms and an 18-hole golf course.

In turn, Sam Lord's Castle, a white crenellated building set in 72 acres, was once the home of a notorious 19th century planter. Legend has it that the eponymous Mr Lord used to hang lanterns from the trees and from the horns of cattle on the beach so as to confuse ships into thinking that they had reached Bridgetown. The ships were then wrecked on the nearby reef and Sam's servants were dispatched to collect the spoils.

The Crane Beach Hotel has the air of a dowager enjoying herself. It is set above a spectacular stretch of coastline where narrow walkways and steps descend to the beach. Guests can sit on the terrace and watch the breakers hurling themselves on to foaming sand; it is definitely safer to swim in the hotel's pool than in the Atlantic where the undertow can whisk your legs from under you even when you thought you were only submerged to knee-level.

In their different price brackets, Sunset Crest, Tamarind Cove, Buccaneer Bay (where I stayed) and Treasure Beach are also recommended, the latter by a British TV sciptwriter who, on his first visit to the island for 25 years, was impressed by the personal service.

Most of the tourist hotels are on the west Caribbean side of the island; Sam Lord's Castle and Crane Beach are on the south east - Atlantic - coast. As far as I am concerned, the reason for going to the Caribbean is the Caribbean - sea, that is. It is clear, warm, and welcoming, whether at 7am or at midnight under the moon. So,if the object of your holiday is to make the most of the sea, the thing to do is to stay on the west coast and hire a car. Barbados is only 21 miles long so everywhere is easily accessible.

The East Coast Road was opened by Queen Elizabeth II in 1966. Geographically it is similar to California's Highway One which sweeps along the edge of the Pacific from San Francisco to Los Angeles; but it is more of a country lane than a US freeway and it takes a fraction of the time to travel its entire length. Both coasts share crashing rollers, long white beaches, outcrops of rock and trees shaped into a lopsided triangle by the wind which blows permanently off the sea. But in Barbados the landward side of the road has only a few buildings - mostly second homes of native Bajans who appreciate the refreshing breeze and the isolation.

Indeed, the north and east of the island are much less developed than the rest, and it is this area which boasts the most spectacular scenery: individual farms with goats and sheep nestling on green hills among sugar plantations and large estate houses.

Farley Hill was formerly a stately mansion which was burnt out in 1956, but the basic shell of its walls was preserved by the Government and it and the grounds are now a national park. It is a cool and peaceful haven; the house is surrounded by a hedge of plumbago and there are many magnificent trees. St Nicholas Abbey is another beautiful mansion, still aworking plantation of 420 acres, owned and run by an Englishman in whose family it has been for generations. The Barbados National Trust organises an afternoon tour of the "island's loveliest houses" open to the public. This costs $20 inclusive of entrance fees. Also very much worth a visit - even to non-horticulturists - is Andromeda Gardens. Over 30 years hard graft by Iris Bannochie and her staff has resulted in a tangible tropical paradise. The garden has been planned around an ancient stream bed, making visual use of the huge boulders deposited in an earlier age. It was devastated by hurricane flooding in 1970 but the remedial work after that prevented a repetition when the weather turned ferocious again in 1975.

Today, there are many thousands of plants from all over the tropical world growing on the garden's steep banks and in secret glades. Orchids sprout from thin air. Others have carried off prizes at Chelsea Flower Show. The lily ponds are full of pretty frogs and huge black toads. I saw a mongoose scuttling into a flower bed. The gardens are open every day.

Somewhat more expensive is a ride on Atlantis, a 50 ft submarine with eight 2 ft portholes on each side. It descends to a maximum of 150 ft and gives its 28 passengers a view of life on the sea bed. It can sit right on top of wrecks, and glide through weaving coral.

But it is the fish in all their different shapes, sizes and brilliant colours that makes the experience so exciting. The cost, which covers the boat trip to the reef and an hour under water, is $48 during the day, $56 at night;children between 4 and 12 are half-price.

The nicest sensation of the Caribbean comes free of charge. That is to sit, about 6pm each day, watching the sun dip to the horizon. As dusk fades, the tree frogs start their cacophony - I had forgotten how noisy they are - and the Caribbean night begins.

The best time to go to Barbados is December to February. Among operators, Caribbean Connection will be operating four flights to and from Barbados on Concorde in January and February.

The Barbados Board of Tourism is at 263 Tottenham Court Road, London W1P 9AA. Caribbean Connection: Concorde House, Forest Street, Chester CH1 1QR.(Tel:0244 41131).

William St Clair marks the centenary of a famous sleuth

Happy birthday Holmes

AS NOVEMBER fogs begin to envelop London at the onset of another winter, it is time to celebrate the great detective. Sherlock Holmes was born one hundred years ago in the 1887 edition of Beeton's Christmas Annual. He is now among the immortals of literature, his name familiar even in places where it is unpronounceable. "A relative of Sherlock?" my friend Richard Holmes is teased whenever he journeys abroad.

Arthur Conan Doyle wrote A Study in Scarlet in his doctor's surgery at Southsea as he waited for patients. The story was rejected by several better-known publications before he was able to place it, and then it was held over for more than a year. In the event Beeton's Annual was sold out before Christmas. Copies of the original are now as rare as Gutenberg Bibles and even the 1960 reprint is highly prized.

The story was published separately the following year as a shilling shocker. It was not until the short stories started appearing monthly in the Strand Magazine, with their evocative illustrations, that the detective became famous. The Adventures of Sherlock Holmes, as the first collected volume was called, was also written under financial pressure in a doctor's surgery. Conan Doyle had by then moved to London and set himself up as a consulting occulist in Devonshire Place. He had rented one room *with part use of a waiting* room, but as he wrote wryly later, he was soon to find that they were both waiting rooms.

Things were very different at 221B Baker Street where Holmes and Watson shared diggings in the early days. A succession of clients, having instructed their cabbies to wait, and announced their arrival by a confident rap on the door, begged the detective to draw on their bankers for any sums he might require. The Middle European nobleman whose disguise Holmes immediately penetrated *handed over £300 in* gold and £700 in notes for current expenses. He would willingly have given a province of his kingdom for the solution of his problem.

The sight of 221B is now occupied by an office block, but a row of town houses further up Baker Street preserves something of the London which the early illustrators of the books captured so vividly. If your imagination needs more, you can visit the replica of Sherlock Holmes' sitting room in the Sherlock Holmes Tavern in Northumberland Street, off Northumberland Avenue. It was built as part of the Festival of Britain in 1951.

By the end Conan Doyle was to write 56 short stories collected in five books and three other long stories besides A Study in Scarlet. From time to time he grew impatient of the creation that had come to dominate his life, seeing the popularity of Sherlock Holmes as a threat to his reputation as a serious novelist. But when Holmes was killed off in The Final Problem, the author received so many letters (both encouraging and abusive) that he felt obliged to revive him. In The Empty House, Watson *does not at first recognise* the elderly bibliophile carrying a pile of antiquarian books. It was an excellent ruse. Holmes despised all literature except crime thrillers which he studied avidly for professional purposes.

The last story appeared as late as 1927, but Sherlock Holmes is fixed in the 1890s. If at first the readers were interested in the plots and later in the characters, the main charm has always lain in the period atmosphere. As we clip-clop through the sooty streets, we can never really believe that the fate of Europe hangs in the balance. London offered a sense of settled security, never experienced before or since.

But Conan Doyle did not slur over aspects of Victorian life which lurked behind the well-ordered facade - the drink and the drugs, the bands of homeless street-urchins, and the habit of locking away inconvenient relatives in order to get at their money. Living was cheap. As Holmes remarks to one client: "I believe that a single lady can get on very nicely upon an income of about £60."

Business was fickle and beggars were everywhere. The most notable, *Hugh Boone, a man* with a hideous twisted lip, sat every day in a corner of Threadneedle Street until he was taken into Bow Street on suspicion. But I need hardly add that I am no relation of the late Neville St Clair of The Cedars, Lee, Kent, who once earned several hundred pounds a year doing something in the City, the exact nature of which he had never explained to his wife.

Sherlock Holmes studies a cipher

Worth its weight in gold

Shah Jahangir's gold 1000-Muhurs

SELLING A COIN for \$10m is the hope of fine art auctioneers Habsburg, Feldman S.A. of Geneva. They hope to make history by breaking the present auction record - a mere \$725,000 for a numismatic item - on Monday.

The record was established in November 1979 for a US coin, the celebrated Brasher gold dubloon. The market was then near the peak of the 1979/1980 investment boom. During the early 1980s the coin trade was depressed. The market no longer attracts those seeking an alternative investment. Its recovery over the past two or three years has been both slow and patchy. Why then is a firm of Swiss auctioneers so optimistic that it is going to obtain an eight figure dollar sum for a coin when to date not even a million dollars has yet been achieved? Quite simply, it is no ordinary piece.

It is a 1000-muhurs in pure gold - a muhur being the standard gold coin of India struck under the mogul dynasty - weighing 12 kilos with a diameter of 20.3 cm. It was minted at Agra in 1613 for the Mogul Emperor Jahangir and is the world's largest precious metal coin. The seventeenth-century French traveller and jewellery trader, Jean-Baptiste Tavernier, records seeing gigantic coins in the Shah's treasury. The Emperor also describes a number of such pieces in his autobiography. He presented a number of 100, 200 and 500 gold muhurs to the highest dignatories.

The gigantic 1000-muhurs, of which only five are mentioned, were reserved for the ambassadors of the powerful rulers of Persia. Until recently none was believed to have survived. The British Museum has a plaster cast of a 200-muhur specimen; last reported in India in 1820, it has not been seen since and presumably has been melted for its bullion value. The same fate was considered to have befallen all the large Moghul denominations. However, Habsburg, Feldman is not only offering a 1000-muhur specimen, but also a 100-muhur denomination minted in 1639 for Jahangir, the Mogul Emperor of Delhi.

Estimated at \$4m this pure gold piece weighs 1,094 grams and has a diameter of 9.7 cm. The identity of the person who has consigned the pieces to auction remains a closely guarded secret. Indeed, the entire sale will be shrouded in mystery. The coins will be offered at a private auction after the firm's public sale of objets d'art from a Mogul Treasury. By private the company means that only seriously interested and wealthy parties will be allowed to attend.

It is rumoured that the company has already turned down an offer of \$8m for the 1000-muhur specimen. Archduke Geza von Habsburg, one of the firm's founders, has revealed that a commission bid of \$10m has al-

A 12 kilo coin may break auction records reports J Pearson Andrew

ready been received. It is strange for an auctioneer to report bids reserved prior to an auction. However, this is no ordinary sale. Indeed, the entire market for Islamic coins (the Mogul Emperors were Moslems and consequently their coinage is part of the Islamic series) is entirely different from any other sector of the numismatic trade. Auction realisations are far less predictable than in other areas and it is a relatively new commercial field.

Up until the mid-1970s, very little attention was paid to the fascinating Islamic coinages. The lack of appeal was said to be related to the fact that the coins seldom feature the bust of a ruler and thus lacked aesthetic appeal to Western collectors. The situation, it was held, was aggravated by Arabic inscriptions being difficult to translate. As there was no demand from the world of Islam, the interest was confined to a small band of dedicated Western scholars and collectors. The consequent small demand for specimens resulted in low prices, even for extremely rare items.

Arguments that the historic Islamic coinages would never gain a strong following, completely ignored any indigenous demand. Past coinages are an integral part of a country's culture and to dismiss the possibility of a local interest is foolhardy. Later events confirmed this to be the case. In 1976, Sotheby's started specialised sales of Islamic Art, its coin department holding its first sale entirely devoted to Islamic numismatics two years later.

The coin sales attracted increasing attention and when a small reference library of Islamic numismatic books was offered in April 1980, the realisations were described as shattering. Dealers, anxious to ensure that their own working libraries contained all the necessary volumes, vied with each other to acquire the tomes. As a result, prices paid were generally three times those anticipated. This was a clear indication that the fascinating field was being taken very seriously from a commercial viewpoint. In March 1982, two dealers, Galerie des Monnaies of Geneva and Spink of London, commenced battle at lot one of a Sotheby's sale of Islamic coins. With brief pauses to allow others to participate, they did not call it a day until the last coin had been placed on the auction block.

Realisations were for far greater sums than the trade anticipated. For example, a Maruvan II dinar of 127 A.H. in the Islamic calendar, a major date rarity in the series of post-reform dinars, sold for £13,000. This is not a large sum compared with other art fields, but it must be borne in mind that coins are described as the cheapest form of antique. The piece had been estimated at £2,500-£3,000 but, more revealing, the same coin would have sold for £250 in 1975. Even those who follow the Islamic coin scene vigilantly have frequently been astonished in recent years. Perhaps the most notable occasion was in October 1982, when Munzen Und Medallien of Basle offered a gold dinar of Abd al Malik, struck in 77 A.H. The piece is about the size of a new penny. Bidding started at SwFr30,000 and ended at SwFr400,000 when it was secured by a mystery buyer. Only a few specimens of the coin are known. Furthermore, it is the most important date in the history of Islamic coinage.

The earliest coins struck by the Moslem conquerors of the Middle East and North Africa imitated those already in use - the Arab-Latin, Arab-Byzantine and Aram-Sassanian coins introduced during the time of the first four "rightly guided" Caliphs. Soon after 70 A.H. the Jmayyad Caliph Abd al Malik broke away from the imitations to create a distinctively Islamic coinage. His experiments culminated in the appearance in 77 A.H. of the first true Islamic coinage comprising the gold dinar, the silver dirham and the copper fals. All three denominations continued in use for over 1,000 years. As well as collecting coins by mints, the new Middle Eastern numismatists collect the gold dinars by date, hence the battle when a "key date" specimen appears on the market.

The market for Islamic coins peaked in 1983 when Sotheby's offered a particularly important collection. However, as Spink's expert, Andre de Clermont, comments, not much choice material has been available on the market during the past four years. But when Sotheby's offered a group of Islamic rarities last month, there was every indication that the interest is still there. Nevertheless, it does not mean that every Islamic rarity quickly finds a home at an acceptable price. Selling antique coins is not straightforward.

Returning to the 1000-muhurs, it is doubtful whether the market is yet prepared for a \$1m coin, let alone a \$10m specimen. Last month Bowers & Ruddy failed to sell a unique nine coin proof set in New York. It was specially struck by the U.S. Government in 1834 for presentation to the King of Siam. Described as "the most desirable numismatic item in the world" it was returned to its owner when bidding failed to reach the reserve of \$2 million. However, the set does not contain 12 kilos of pure gold. The coin trade will have its attention focussed on Geneva on Monday. After the event, coins may no longer be viewed as the Cinderellas of the art market.

Carla Rapoport starts a series from overseas correspondents

Cultural clash on delivery

THERE are dozens of recommended ways to discover the secrets of Japan's success. You can move to Tokyo, learn Japanese, read dozens of learned texts or you can go the unconventional route and have a baby.

We didn't plan to have our first child in Tokyo. Most of our Japanese friends assumed we would go home for the birth. We now understand their concern. Still, all three of us survived the experience and it provided some valuable clues to understanding the local psyche.

Our unconventional research provided us with three new principles for understanding the Japanese: the Slippers Principle, the Spaghetti Principle and the Pain Principle.

The slippers principle: the labour was going well, the hospital staff were friendly and the contractions were not so bad that we couldn't enjoy Father Harry of the God Squad on the U.S. Armed Forces Radio Network.

Suddenly, things began to happen. The baby's head was making *an appearance and it* was time to move to the delivery room. I didn't see anyone with a wheelchair, so we started down the hall on foot.

At the door of the delivery room, we were greeted with the admonition: "Slippers!" from the nurses and midwife. We were still wearing the green plastic slippers from the labour room. They were wearing black slippers. The baby was going to be born any minute but we changed our slippers.

Why are such things important? My slippers came off almost instantly as I was put into the delivery chair. But for the rest of my stay I was on constant slipper alert. One set of slippers for the loo, another for my room and the hallways and still another for the shower room.

All this slipper business has less to do with cleanliness than with the sense of order so crucial to Japanese life. Rules, even nonsensical rules, provide comfort and security and it seems that only foreigners question them.

Most of the babies were kept in the nursery, and all were kept there for the first 24-hours following birth. Mothers were instructed to come to the nursery at rigid intervals throughout the day. Western mothers have been campaigning for years to reduce the number of hours a baby is seperated from the mother after birth but no Japanese women have protested.

The hospital rules were obeyed. When I attempted to feed my child without wearing my regulation green shower cap, it was the other mothers who gave me the fish-eye, not the staff.

The spaghetti principle: the The use of fractured English is surprisingly widespread in Tokyo, giving residents the idea that they live in an international city. The abuse of English words and customs can lead to confusion. For example, when I asked for Western food at the hospital following the baby's birth, I was told that the food was Western. After all, hadn't they just served spaghetti in mayonnaise for breakfast?

I couldn't tell the nurse that spaghetti salad wasn't my idea of breakfast. I thought I'd have better luck with the pediatrician who, I was informed, spoke English. This was important as I'd already distinguished myself by referring (in Japanese) to my baby's birth record book as the Defense Ministry.

The pediatrician granted me an audience on the day we checked out. He examined the baby and pronounced: "It is necessary to worry about this baby." My horrified expression caused him to repeat the expression with a "not" included. That was the end of our discussion.

English, in fact, is an easy language to read compared to Japanese. Most Japanese enjoy reading it. Hence, our baby's nappies are called Moonies and have written all over them "High Quality and Society".

But this does not indicate a widespread respect for speaking the language or understanding Western culture. If it did, "My Fanny" toilet tissue would be discontinued.

The big crowd principle: a friend was told by the doctor at a hospital in Tokyo to keep quiet during labour as her cries could be heard by others in the corridor. Another friend received an effusive apology from the mother of a woman in labour in the next room. "So sorry for all the terrible noise. A third friend was complimented by a nurse after her child was born; she hadn't made any sound at all.

Outsiders call this behavior conformity. The Japanese see it

DESPATCHES
• Tokyo •

as living. The individual must sacrifice for the group. The group is often a crowd and even that is tolerated. For example, although the hospital was one of the most exclusive and costly in Tokyo, the Japanese women gathered for their meals in a common room and most chose to share a room rather than have one of the private suites.

Although women could elect to have their babies in their rooms, most chose feed to their infants *in the crowded breast-feeding* room. Once there, they washed their hands, donned green shower caps and were handed their infants. The place was as crowded as the Ginza line at rush hour. But no-one complained.

I conclude that the Japanese really like crowds. Crowds help to reassure people that they are doing the right thing. This could explain why there are so many of them. It also could explain why people in really bad crowds calmly accept their plight in Japan.

This calmness in the face of adversity is a strength which I don't think is transferrable. About 13 per cent of the babies born at the hospital were Western children. But no Western doctors may practise there. Our doctor, a British GP, told us he could make a social call to meet the baby. But he could not examine her nor make any arrangement with the hospital to see patients there.

Whenever I protested these or other procedures, I was told that Japan has the lowest infant mortality rate in the world. It also has one of the lowest crime rates in the world. But this isn't due to the proficiency of its police force; it's due to the disciplined, well-ordered nature of its people. The Japanese still obey the rules, all of them.

Nicholas Woodsworth reflects on a giant of impressionism

Renoir's cry of beauty

HIGH OVER the Riviera town of Cagnes-sur-mer stands a grove of magnificent olive trees. Huge, gnarled and twisted, more than six feet thick and over 500 years old. Les Collettes is a haven of tranquillity hidden in the hills above Cagnes. Its olive grove, cypresses, palm trees and rose bushes make it seem just possible that pagan deities return to give their gifts to man. In this celebration of nature and beauty lived Auguste Renoir.

Today, Renoir's home at Les Collettes may be visited; in addition to a few paintings and busts, the stone-built house contains the artist's easel, chair, paints, brushes, and other personal momentoes. The real magic of the place, though, lies outside in the grounds that played such a special part in Renoir's life.

Here he spent most of his last 16 years and evolved the style for which he is best known today. Years after his father's death, *film director* Jean Renoir - who grew up at Les Collettes - wrote of his childhood home: "The shadow cast by the olive trees is often mauve. It is in constant motion, luminous, full of gaiety. If you let yourself go you get the feeling that Renoir is still there and that suddenly you are going to hear him humming as he studies his canvas."

Simple, joyful, earthy and sensual, the spirit of Renoir's painting is the same spirit that pervades Les Collettes. The 20-year-old Renoir was at one point reproached by his master, the sour and academically-minded painter Charles Gleyre. He was told: "Young man, you are very skillful, very gifted, but no doubt you took up painting just to amuse yourself." "Certainly," replied Renoir. "If it didn't amuse me I wouldn't be doing it." The retort was not a flippant one.

At the Atelier Gleyre Renoir met Claude Monet and Alfred Sisley. Inevitably, he was drawn *into the Impressionist circle.* For more than twenty years these friends worked together, but Renoir, regarded as a leading painter of the Impressionist school, was never completely won over to Impressionism. By nature a painter of the human figure, he was much influenced by Ingres, Raphael, Velasquez and other old masters shunned by the Impressionists for their classicism.

For Renoir, the permanence of line and solid form was more important than momentary visual phenomena, controlled studio work more satisfactory than the hazards of working outdoors, the human figure of greater consequence than landscapes. As time went on Renoir's heretical tastes grew, and he was later to say: "About 1883 I had wrung Impressionism dry and I was reaching the conclusion that I didn't know how to either paint or draw."

Experimentation followed, most notably in his "periode aigre", the sour period, during which Renoir worked with contours *drawn in such severely* sculptural outline tha many of his admirers were appalled. At Les Collettes, Renoir liberated youthful bodies from the holds of classicism. Nowhere so natural as when portrayed under a bright southern sun and against a Mediterranean background, the flesh of Renoir's nudes, in the words of the critics, became pearly, translucent, luminous, rosy. Renoir, in his own simple and direct manner, acknowledged that he never painted a *model unless her skin took the* light. Renoir's household at Les Collettes, where he lived from 1903 until his death in 1919, was organised to facilitate his work with models. Few of his household staff were male, and numerous were the maids, nannies, cooks, and nurses who achieved immortality in his paintings. A faithful husband and devoted father, Renoir was a thorough-going traditionalist when it came to relations between the sexes. "I like women best when they don't know how to read."

Renoir had painted along the Mediterranean coast as far back as 1882, when he met and worked with Cezanne. His ability to travel decreased through the 1890s because of severe arthritis. By the time he moved to Cagnes he was a thin and bird-like cripple. From 1910 on he remained in a wheelchair. Unable to hold his brushes, he had them strapped to him, a process he called "putting on my thumb".

Yet he retained his humour and his will to create. Thestyle of his last years might be summed up in one word - amplitude. His nudes, always of full and wide-hipped proportions, took on the monumental aspect of deities, and his background landscapes, of equal breadth and lushness, became evermore expressive of the generosity of natue. It seemed the older and more frail Renoir became, the more joyous and vital his painting.

Every morning he was carried *to a glass-walled shed among* the olive trees. Outside his model would arrange herself on the grass. Although unable to move his arm freely, he divised a system of painting on a canvas attached to a vertically mounted rolling belt, which allowed him to reach all parts of his painting from his wheelchair. In spite of often extreme pain, he would work until evening, intoxicated by the richness of life around him.

It was in these conditions that in 1918 Renoir painted The Bathers, *a composition he regarded as* the culmination of his life's work. Until the end he continued to derive his greatest inspiration from his models. A plump-16-year old girl named Andree - later to be Jean Renoir's wife - was the incitement to , and model for, The Bathers.

Today Renoir is long gone, as is the glass shed, Andree and the quiet fishing port that was once Cagnes. But, like the canvasses painted at Les Collettes, the ancient olive trees here will continue for a long time yet to shout out that last, tremendous cry.

A visiting artist sketches at Renoir's home

SALEROOM

Anthony Thorncroft reports on the sale of a Van Gogh masterpiece

'Irises' may fetch $20m

THE INTERNATIONAL art market will be holding its breath on Wednesday evening when Sotheby's in New York offers for sale Van Gogh's "Irises."

Painted in 1889, when the artist was a voluntary patient at the Saint Remy mental asylum in Provence, "Irises" is generally considered to be one of Van Gogh's masterworks. It is not such a famous image as his "Sunflowers" - there were seven versions of that work, after all - but it is more striking, more colourful, more stylish.

Sotheby's is hoping for bids over $20m. This would make "Irises" the most expensive work of art ever sold in the United States. There is just a chance that it will overtake the £24.75m paid at Christie's in London last March by Yasuda, a Japanese insurance company, for one of the "Sunflowers" canvasses.

Sotheby's is playing up the Japanese connections of the painting - Japan's love of the iris, and the "Japanese" feel of the composition. But there was an outcry in Japan over the price paid for "Sunflowers." It goes against the Japanese national temperament to flaunt corporate wealth in public.

An even greater restraint will be the fall in the world's stock markets. This sale will give the art trade its first opportunity to assess how really expensive works of art fare at auction in an economic situation suddenly transformed. There is a theory that, in uncertain times, investors turn for security to the world's great masterpieces. But perhaps the more prevalent view is that rich men who have just lost fortunes, even if only on paper, are not in a buying mood. The art market has held up fairly well in the last three weeks: if it can survive Wednesday it will be optimistic about the short term. And if "Irises" sells for comfortably above $20m, Sotheby's at least will be ecstatic.

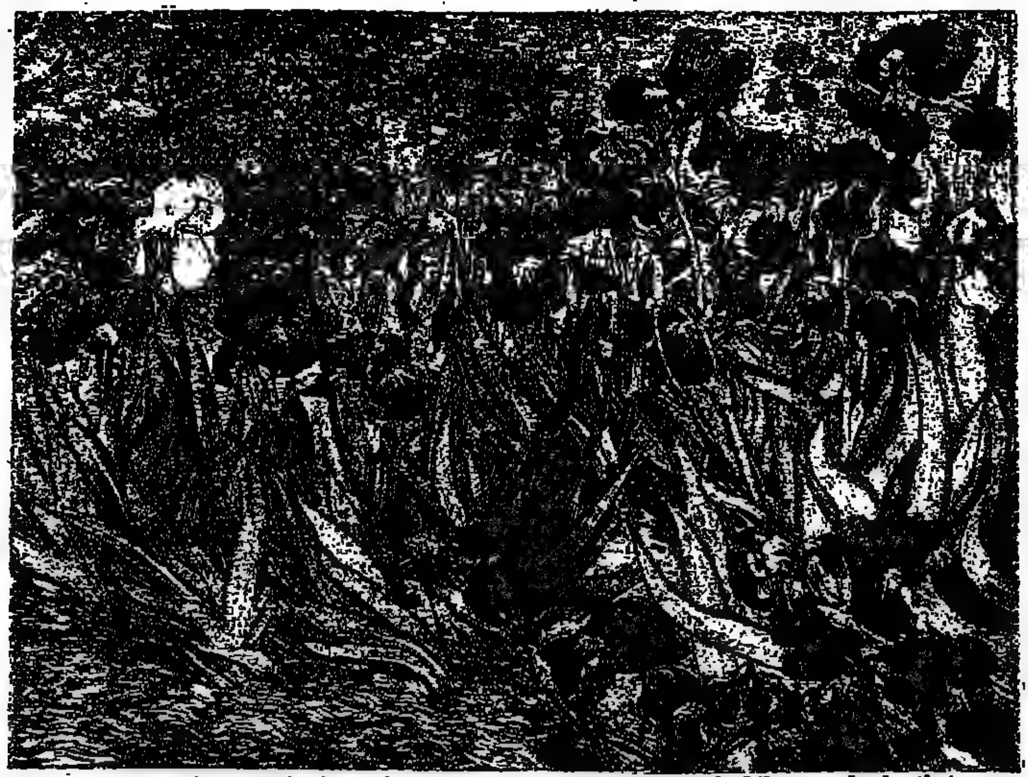
It will have made over $2m for two minutes' work in the auctioneer's podium - although the expenses of marketing "Irises" (these have included taking the painting around the world to show it off to potential buyers, and preparing a hard backed special catalogue) will absorb some of its 10 per cent premium on the hammer price. It will not expect the vendor, Mr John Whitney Payson, to pay the usual 10 per cent commission from sellers.

"Irises" was bought by Mr Payson's mother in 1947 for under $100,000, and it hung for many years in her Manhattan apartment. After her death it went to the art gallery at Westbrook in Maine which her son endowed in her memory. It was a striking sight in such a modest place. It is being sold nowpartly to raise funds for various charities in Maine in which Mr Payson is interested, partly because changes in the tax laws in the US make it less profitable for rich men to loan their works of art to galleries and museums.

In the past the value of such treasures could be set against tax liabilities. This benefit has been reduced. Indeed "Irises" could be the first of many such important works to come on to the market. Obviously the extraordinary price paid for "Sunflowers" also persuaded Mr Payson that this would be a good time to sell. Whether or not this is still the case November 11 will tell.

There is one factor in favour of a high price. The Getty Museum has no doubt that "Irises" is a brilliant picture, and the likely successful bid would not diminish too much its annual expenditure budget of more than $100m, although much of this is being devoted to the new museum it is constructing.

Also: the surprise at the "Sunflowers" sale was the presence of more than half a dozen bidders still competing for that work when the price had risen above £15m. Will those who lost out then, including Mr Alan Bond, the Australian millionaire, be competing for "Irises"? If the stock exchange markets had stayed high the answer would probably have been yes: now there are grave doubts.



Masterpiece for a multi-millionaire: "Irises," painted in 1889, may rival the record price that "Sunflowers" fetched at auction

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WELL AWAY from the megasums paid for Impressionist and post-Impressionist art, the real antiques world carries on regardless. More and more business is now done at fairs, and the City gets its own fair on November 24-28, in the Barbican.

It was planned with a view to creaming off some of the City profits from year one of the Big Bang. But since the 140-odd exhibitors will be concentrating on the lower and medium ends of the market, with prices ranging from £25 to about £25,000 for some particularly impressive pieces of furniture, the fair should escape the fallout from the Stock Exchange collapse.

These are antiques for the home rather than for speculation, although the organisers hope that City firms will also be looking to buy furniture and decorations with some history to them.

Caroline Penman began organising fairs in church halls; she now administers several of the established London events, such as the Chelsea fair. Fairs are increasingly attractive to dealers, both as stall holders and as customers.

The rise in rates in central London has forced many dealers out of their established shops: they have either moved to cheaper accommodation in the suburbs, or in the country, or decided to work from home. Often a great deal of business is done at fairs, but the contacts made are just as important, and a follow-up visit to a shop or a home is often the result.

John Brennan alerts prospective purchasers to some tricks of the trade

No business like show business

IF YOU cannot find a spare theatrical set designed to accompany you on trips around show flats and houses you may not fully appreciate that you're seeing some of the best presented shows in town.

Keep an image of the Universal Studios' sets in your mind when viewing and you'll start to notice some of the developers' and sales agents' skilful presentation work. Keeping an eye on the tricks of this side of the trade should make it easier to see through the show flats and houses to what the finished property will really look like.

Stage sets and show flats commonly share the glorious freedom of height. The pokiest little room on stage in a theatre can expand to take the most powerful drama because it has no evident ceiling. There is, if you like, upward elbow room.

In many of the mock-up flats and houses used as sales showrooms on residential developments these days, judicious lifting of the ceilings a foot or two above the height of the real thing gives a misleadingly generous sense of spaciousness. Beware the false ceiling, and *the false door lines.*

By setting the outer edges of a mock-up showflat a few feet back from the real floorline, developers can, as they say, give visitors a better view of their wares. But in doing so they also give a less than accurate impression of the interior dimensions. The actual floor plan may be accurate to the millimetre, but when you see a flat with its walls off, or drawn back, it is hard not to let that view colour any objective set of figures in the sales particulars. In those particulars of new flats and houses, places shown without a figure for their square footage often have good reason for such coyness.

Even in actual-size show flats and houses an unreal sense of space can be won by keeping every wall surface white, but putting the highest possible *wattage bulps into every light* fitting, and making sure that they blaze away throughout the show period.

Watch out in show flats for the occasional dead light bulb. It will be replaced fast, but its early demise often reflects the fact that it's far too bright for the fitting under normal use.

Removing interior doors is another elegant way of making a miniscule apartment seem big. Rigging out a show flat with small furniture is an obvious device to give a sense of space. Better still is the open prairies effect of emptying out much of the furniture you'd normally *need in a room.*

Single beds in double bedrooms make rooms look bigger than they really are. Reception and living rooms without televisions in place also help create an illusion of big, airy rooms. Everyone's house can be made to look bigger if you could clear away the normal clutter of living and show flats and houses look as if they have just been left by an obsessionally tidy occupant.

A well sited and well lit antique in a hallway can turn an awkward corner into a display with more apparent than actual depth, particularly since visitors to show flats that have been laid out with an interior decorator's stock of delicate bits of art decor automatically tread gingerly around displays with a degree of caution that they could not possibly keep up if it *was their own home.*

Fresh flowers, a good investment when displaying your own home for sale, and as common an element in show flats as designer-splayed dried flowers, also help to bring dull shaped rooms to life.

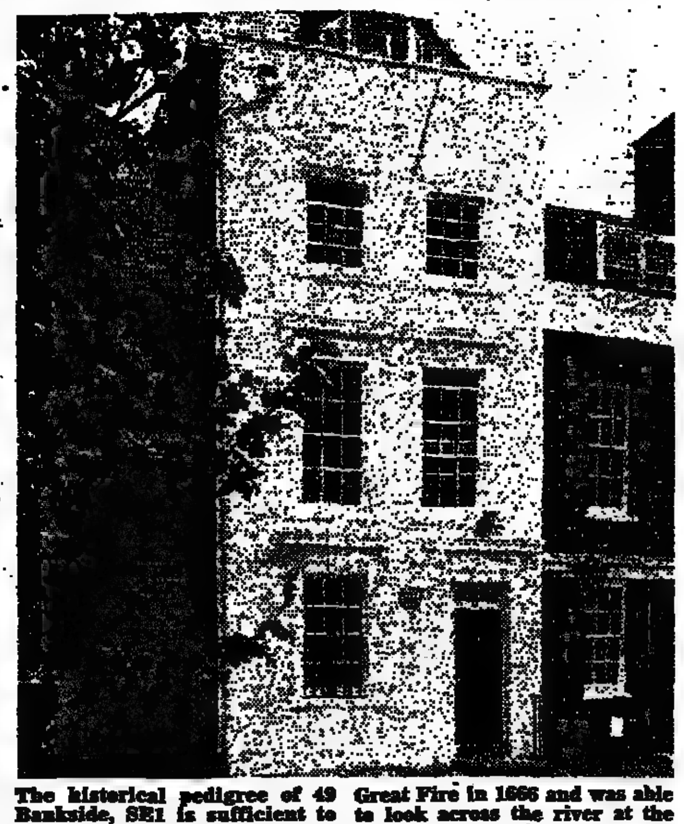
A dull view is another matter. In mock-up show flats it is possible to build whatever view you like into the windows. You may not believe that a basement studio in a new flat block in E18 has a spectacular view over the Sydney Harbour Bridge, but if that is the picture the developer slots into the back-lit window frame at least it may take your *mind off the reality of a pile of* communal dustbins.

Looking carefully at site plans can show how close your windows will be to those of your neighbour, and in high density schemes—which means just about everything south of Peterborough—you may well find that the windows of your bedroom, bathroom, kitchen, living room, or, in the case of a studio flat, your window, looks out directly onto those of two or three other flats.

That's fine for voyeurs and exhibitionists, or at least it would be fine if you could choose your neighbours. But it is a case for heavy window coverings if you don't want a closely observed household. If you do have to cover the windows, you're right back to the high powered lights to recapture your sense of space.

One of West London's most active developers, a builder with more than 20 years experience in the business, explains that on completed schemes, "You would always make the worst property the show flat, that way you can cover up the problems if you have unusual spaces or peculiar shaped rooms to deal with." He is typical of developers in finding that he invariably manages to sell every show flat complete with all its trimmings, "because people have very little imagination."

Residential sales shows are just like *many other staged* performances which depend for their success on suspending, or at least affecting, the audience's sense of reality. The only difference is that not all the visitors to show flats and houses realise that they're the audience to one of the best staged areas of the commercial performing arts.



The historical pedigree of 49 Bankside, SE1 is sufficient to justify its place in the Museum of London. The fifteenth century building started life a tavern, and was renamed "the Cardinal's Hat" in 1482 when the newly installed Cardinal Beauford returned from Rome and landed at the river steps nearby. Shakespear's company, working at The Globe theatre, frequently used the tavern, and Sir Christopher Wren stayed there after the Great Fire in 1666 and was able to look across the river at the construction work on St Paul's Cathedral. Now, Knight Frank & Rutley's Stehpan Miles-Brown (01 583 0744) is offering the freehold of the restored town house for around a million pounds. Guy Munthe, who has owned the house for the past 17years, has totally refubished the five story house to give two bedrooms plus a staff flat and exceptional reception rooms.

Wider exposure offered

PETER LUKAS is forging on with his mission to de-fragment the fragmented London residential property market. His Property Data Services (PDS), launched a year ago, now has 207 estate agencies sharing information on properties available for sale.

"Multiple listing," as it is called in the US, means the home-buying public won't have to sign up with dozens of estate agents to get a broad picture of what is on the market. For sellers, property will get wider exposure.

Lukas has had a tough battle to get agents to allow other agents to know what they are selling. But he expects that to change as the public begins to expect estate agents to link into this wider network. "They will begin to demand this service," says Lukas.

The statistics underline the agents' response to date. Out of the 207 agencies now with PDS only 41 are paying members. The rest are on a free trial basis. So far the members are primarily small or middle-market agencies; larger ones such as John D. Wood and Savills have not joined. A spot check of agents who use the computerized service shows a somewhat lukewarm reception: some find it useful enough to keep subscribing to it, but others are unconvinced of its worth.

Some of the early foul-ups in the service have been ironed out, says Lucas, and despite the low number of paying members, he's happy with results to date. He's planning to expand the company soon to offer training courses and an employment agency for estate agents.

The idea of a multiple listing system, which Lukas imported from America, is for agents to share information on property they're trying to sell or rent. If one agent finds a customer for another agent's property, they split the commission. Having centralized, computerized data also means that users can ask PDS to search for properties in a narrow spectrum, such as all the two-bedroom flats on Prince Albert Road with a long lease.

There have been previous attempts to organize a multiple listing service for London, but they were felled by computer problems and an unwillingness by agents to share information on their best properties.

In its first few months of *operation, estate agents criticized* Property Data Services for allowing sold properties to remain on the list of properties. (The list is sent to agents fortnightly in book form, and is updated each day so that agents contacting PDS by *fax* machine get the latest information). Agents have said they do not *think PDS provides* enough details on the properties.

Speaking from the Brompton Road office that houses the PDS staff of ten, Lukas responds that it took a while before the PDS realized it could not rely on agents to tell them when they had sold a property so it could be taken off the list. The company wrongly assumed the charge of 50p per listing would be incentive enough for companies to remove outdated properties.

About six months ago PDS revamped the system and each member is now phoned once a week to see which properties have sold and which new ones have come in. "We had to do it for them," Luks says with a note of exasperation in his voice.

His deputy, Marianne O'Hare, said the first time the list was purged of sold properties, about 30 per cent of the entries were thrown out. The self-policing has had a good effect. Membership "suddenly escalated" once the tight controls were put into effect. The added membership has brought the number of properties listed on the register to more than 2,500.

The book has also been made easier to read, and members are being encouraged to supply fuller details for each property, such as room sizes.

PDS has also found it necessary *to go back to the members'* offices and make sure all the staff members are familar with how the system works. "We've had to put in more work," is how Lukas sums up the evolution of PDS.

Foot-dragging by the agents wasn't something that Lukas, who exudes enthusiasm and optimism himself, had expected. "I was surprised by their slowness to accept change in an obviously changing business environment . . . They suffer from the English malaise; they try to look at the faults and not the benefits."

Lukas, a 39-year-old property developer with a few years of professional acting in his background, said the membership of 148 estate agencies *selling* properties and the 59 agencies handling rental property, plus 15 relocation services, gives PDS a big chunk of the estimated 600 estate agencies in central London.

As for why some of the upmarket agents such as Savills and larger concerns like John D. Wood haven't joined, he says: "They're scared they might be helping the middle-of-the-road agent. I think they're living in the Dark Ages in terms of reality."

Peter Young, a partner in John D. Wood, says his firm hasn't linked up with the PDS service because its 13 branches already have an effective informal arrangement of sharing property details with other agents. "We want to choose our bedfellows," he adds. Membership in the service could lead to the company having to work with agents who operated unprofessionally, he fears.

Dominic Adams is a negotiator at Lloyds Estate Agents on Milner Street, SW3, an agency that subscribes to PDS. "I'm more and more impressed with it because it's getting better all the time. . . . I'm using it a lot more now," he says. Adams uses it for about half his clients, but says it's hard to judge whether it has increased the number of sales he's been able to make.

Belinda Randall, a negotiator with the Russell Simpson estate agency on Anderson Street, SW3, which has now dropped out of the service, believes that you can suffer information overload if there are many properties in the category you're searching in. "You can get overwhelmed. There's nothing to distinguish one from another," she says.

Holly Smith

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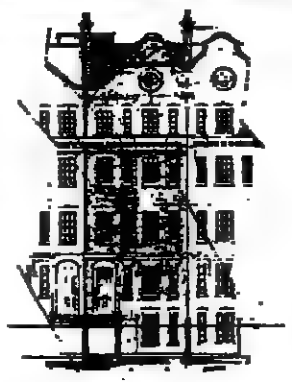

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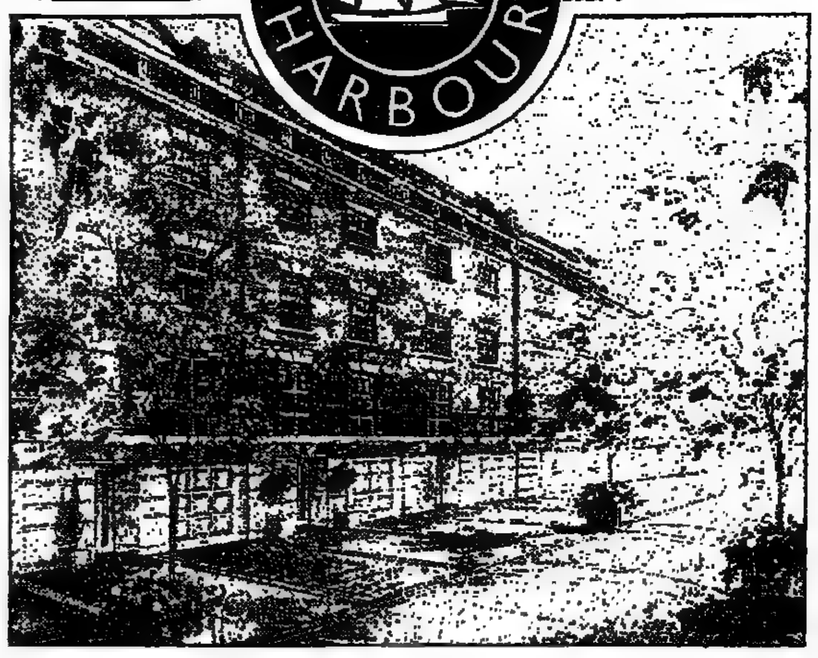

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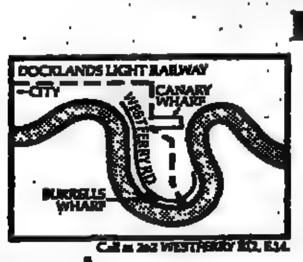

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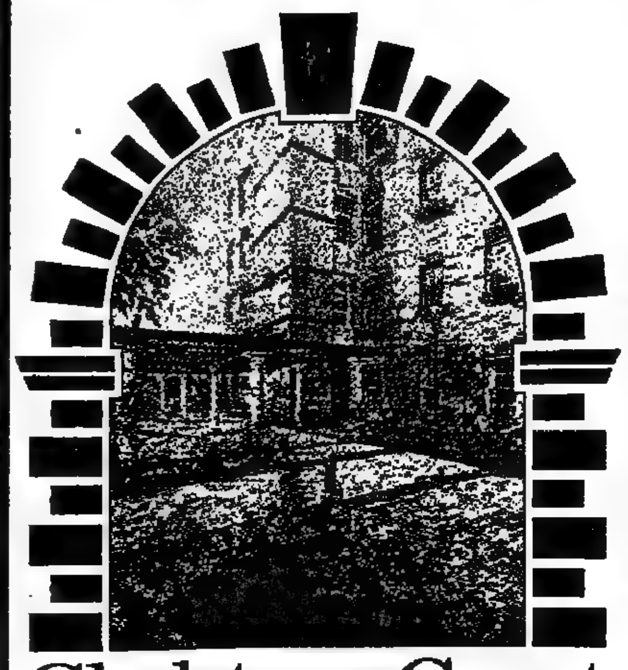

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Overseas Property

Cheryl Taylor looks at homes in Normandy and Brittany

Value across the Channel

PROPERTY prices in Normandy and Brittany have remained static over the past year, but agents are now reporting interest from British and German buyers and values are starting to rise.Both regions are tailor-made for traditional rustic retreats with prices to suit most pockets. Newly-built homes are thin on the ground and pricier.

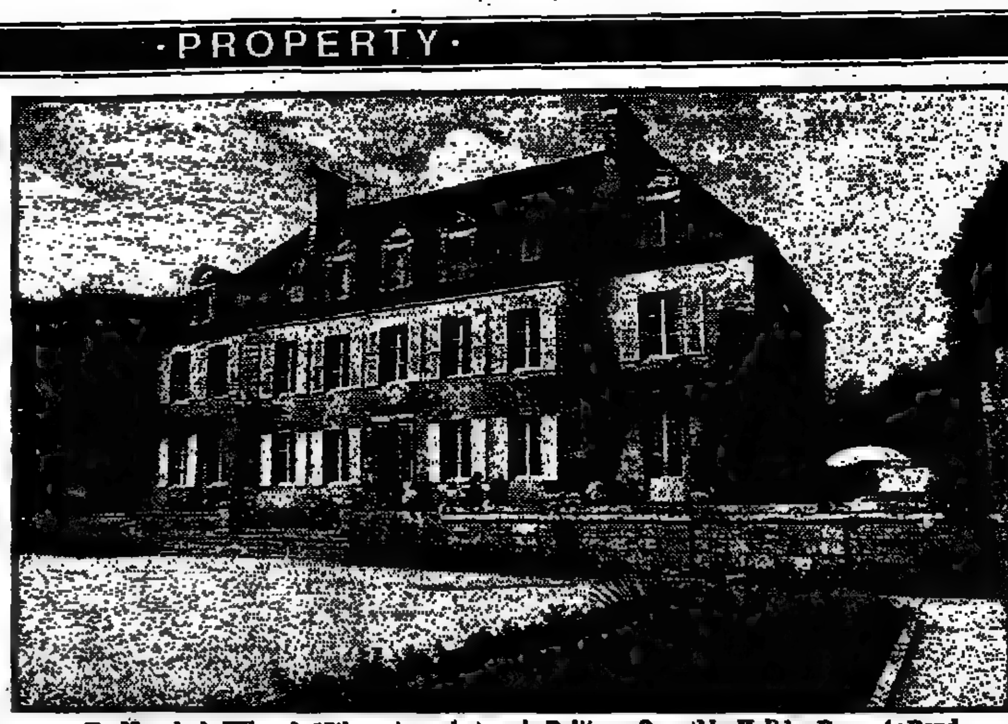
Normandy has the cream of the farmhouses and chateaux, while Brittany offers better value in rural stone cottages and village houses. Traditional thatched cottages, old timbered village houses, or tumbledown farmhouses are popular with British buyers. Some choose a romantic 14th century chateau, or converted watermill.

Prices range from about £10,000 for a crumbling stone cottage, just two-up and two-down, in deepest Brittany. You would have to spend at least another £10,000 to make it habitable.A fully converted farmhouse in Normandy with stables, guest house and five acres of land would cost closer to £80,000. A more basic farmbuilding begins at about £12,000 and a pristine Normandy mansion, with six bedrooms, oak pannelling and mod. cons costs closer to £80,000.

Homes needing renovation are good value, often with three times as much space in adjoining outbuildings and barns as in the living area, leaving room for expansion. Three or four rooms are usually habitable, but you may need to add cooking and hot water facilities, install a bath and toilet and lay concrete or wood over earthen floors.

Winters in Northern France can be chilly so make sure the roof is sound; repairs can be costly. You should set aside a sum equivalent to the cost of the property for essential repairs. Beware of rustic water and electricity installations; they can cost a small fortune.

Some French banks may lend you up to half the purchase price on a property requiring renovation to pay for repairs. Loans are repayable over 10 years and interest rates will depend on French base rate. In France the buyer pays any estate agent's fees, which are usually about 4 per cent. Most reputable British agents specialising in selling French property will include these fees in the price.



'Le Manoir de Hilguy' - 17th century chateau in Brittany. Owned by Holiday Property Bond.

Another built-in cost is 18.6 per cent VAT, payable when you buy a newly-built property. This is usually included in the quoted price, but check. Legal fees are about 2 to 3 per cent on resale property, plus 7 per cent Government taxes. Buyers should allow at least 10 per cent on top of the purchase price to cover legal fees, transfer costs, taxes and other liabilities.

Several British estate agents handle property sales in many regions of France with help from French agencies.

French Property Consultants, Frank Rutherford and Company, 51 Brompton Road, London SW1 (Tel. 01-581 1978) has been active in France for more than a decade. It offers a range of properties from ruins to the fully renovated, specialising in value-for-money inland, and less fashionable coastal resorts.

Rutherford's offerings range from about £10,000 for the ruined shell of a Brittany cottage, to about £85,000 for a listed 16th century Norman presbytery, fully restored and steeped in history with stables, farmbuildings and almost two acres of land.

A simple village house, two hundred years old and scarcely modernised, will set you back about £10,000, while the converted version, with fine oak beams, original stone fireplaces, modern kitchen and bath will cost anything from £20,000. A traditional Breton granite cottage with steeply sloping roof, thick walls and an adjoining outbuilding, Dutch barn and five acres of agricultural land was recently on sale for £16,500.

The magnificent 17th century converted watermill Moulin Boriou, close to Scaer in Brittany, was priced at £120,000. It has been carefully restored and modernised, with vast beamy rooms and exposed stone walls. It is tucked in a leafy glade with duck pond in front and surrounded by seven acres of farmland.

French and Associates, of Robertsbridge, Sussex (Tel 0580- 880589), also handle French property. Inquiries should be addressed to Mr M Farrant. Prices begin at £10,000 for a typical Normandy country cottage, timbered black and white and surrounded by apple trees. A traditional but modernised farmhouse with three bedrooms, beamed ceilings and open fireplaces sells for about £30,000, while a pristine thatched country cottage with four bedrooms will cost about £45,000.

Coastal properties are a favourite. Le Port de Crouesty is a new holiday-home complex by a marina, close to the popular sailing area of Vannes in southern Brittany. It has been designed in a traditional Breton fishing village style, with little shops, restaurants and bustling quayside activity. There are 300 moorings and facilities for boating, watersports and craft maintenance.

The 240 units built around the marina by Pierre et Vacances, one of France's largest leisure developers, include studios from £20,000, and a range of one and two-bedroom flats. Frank Rutherford and Company is the UK agent.

You can even buy a romantic old chateau with four turrets and a moat, but you may have to spend a fortune on restoration and upkeep.

Chateau prices start at about £125,000 for a sizeable residence such as the 17th century Chateau de Varennes, recently on sale in Normandy through Rutherford. It has 10 bedrooms, four large reception rooms, 11 hectares of parkland and woodland, caretaker's lodge, stables and a chapel in the grounds.

John Brennan looks at stylish purpose-built homes

Fashion with a difference

SIX at-cost homes will not make much of a dent in the potential demand for housing for the disabled. But it's a start. As Hugh Geddes explains, the inclusion of these specially designed properties, in his development of 41 flats and houses at Gloucester Square close to Haggerston Park in Hackney, is really an experiment to see if he's right in thinking that there is a vast, unsatisfied demand for owner occupation among the independent disabled.

"There are 350,000 registered wheelchair users in the country and only 53,000 specifically designed homes for the disabled, and they're all for rent. We decided to use some of the windfall profits from the rest of the development to put the six homes designed for disabled people to use on the market at cost."

Geddes, whose fellow partners of architects Leonard Bernstein and Company set up and run Pilot Properties in 1981, has concentrated on developing difficult sites in areas he thinks are about to become more fashionable.

"No-one wanted to know about Tooting Bec when we started on a scheme there, but it worked out well. In Haggerston Park we took on a Central Electricity Generating Board station site which had horrible ground works, but when we started selling in February a one-bedroom apartment was going for £52,000.

"Now, the sale property sells for £79,500, two bedroom houses that sold for £57,500 to £62,500 are selling at £95,000 to £97,500. It's extraordinary."

Geddes applied the standard developer's rule-of-thumb guide about pricing, working out what the likely occupants could borrow and building to a specification that would, literally, accommodate them. In Hackney, these calculations have proved wide of the mark because he has noticed far more buyers who are being subsidised by parents.

"That money is being pumped in and it means that people are buying at prices their incomes cannot possibly afford."

This family support variant on the London phenomena of first time buyers clubbing together to buy a property used to be limited to the offspring of wealthy families being set up in a Chelsea apartment.

As it has become easier to remortgage or to top up an existing mortgage with loans at secured rates, Geddes isn't the only developer to have commented on the increasingly common practice of younger buyers touring prospective homes with parents in tow, and being exceptionally solicitous to this personal source of top-up home finance.

Not too many other developers would regard the rise in prices in the market as a whole as a windfall to be ploughed back into socially useful housing.

So Pilot's decision to include homes with all the necessary lifts, wheelchair-friendly circulation space and doors, adapted baths and all the other detailing needed to make a practical home for a disabled owner, and to include them at cost, is notable.

These units are on sale for between £57,500 and £62,500, and Geddes says that size for size, and excluding additional fittings, they would sell for £20,000 or more but for the fixed pricing arrangement.

"The idea was to build something for, say, a 25-year-old paraplegic who is working, wants to have a home of his own, but who could only rent at the moment, or a couple where one gets Parkinsons disease or one of the neuromuscular conditions and who could be faced with having to split up if they cannot adapt their existing home."

Just as sheltered homes can be sold with restrictive covenants limiting their resale to over 55-year-olds, so Pilot (01-267 5681) has set up a simple sale restriction limiting the properties to the disabled.

"We didn't want to make a major issue of it, and I suppose that if someone did want to break the spirit of it at some stage they probably could, but the principal is quite clear."

Since the Government has made it equally clear that it increasingly expects special needs housing to become the responsibility of the private sector, Geddes hopes that this move on disabled housing will be imitated by other building groups.

"Sheltered homes are a major business now, and I believe that there would be a commercial demand for homes for the disabled."

As for his next soon-to-be-fashionable area, Geddes has had to give up on London for the time being and has been site spotting in Cheshire.

"There's nowhere now where prices are not silly. People offer you seedy sites at £45,000 a plot, so I'd much rather go somewhere where there is more scope to build at realistic prices."

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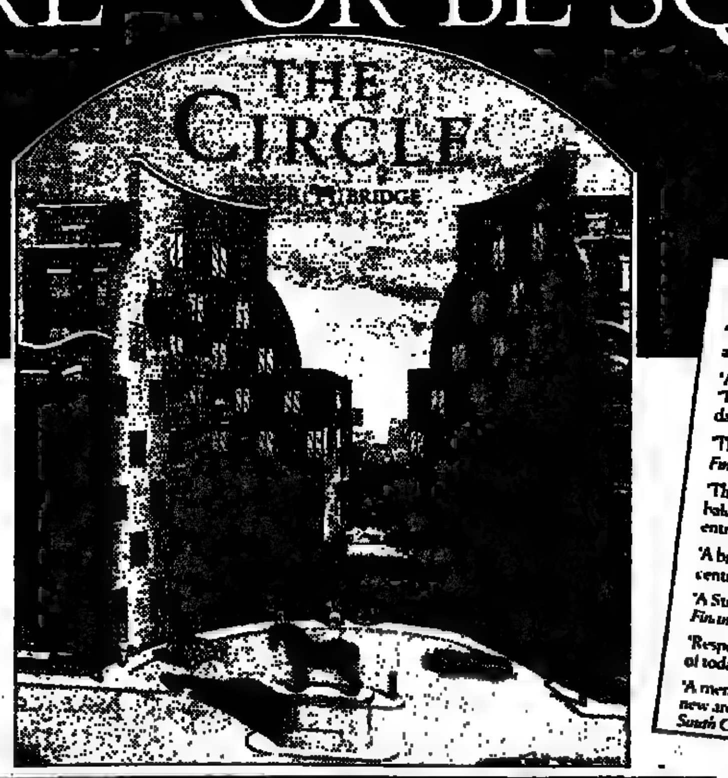

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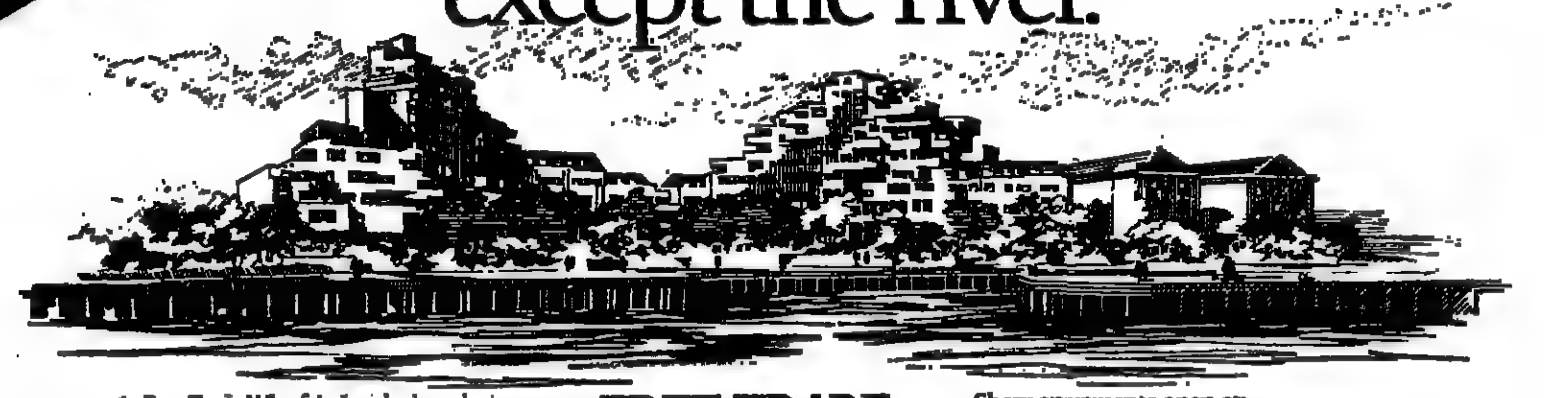

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This year's Europalia arts festival in Brussels is devoted to Austria. Susan Moore reports

Schiele shows mankind no mercy

THERE IS something of the 19th century Romantic about the Expressionist Egon Schiele. Throughout his life he cultivated an image of himself as an impoverished, isolated genius persecuted by an uncomprehending Viennese public. A self-appointed martyr to the sacred cause of Art, he even depicted himself harpooned like a latterday St Sebastian. He was egotistical and narcissistic, his emotions always the subject of his art. Like any self-respecting Romantic hero he died young, a victim, as was Gustav Klimt, of the Spanish 'flu epidemic of 1918. He was 28.

If the myths confected by the artist and perpetuated by his champion and biographer Arthur Roessler are cut away we are left with an unattractive personality compounded of arrogance and self-pity. But nothing can detract from Schiele's prodigious talent. He was a consummate draughtsman, and the creator of some of the most controlled, chilling and *original images produced this* century.

At the Palais des Beaux-Arts, Charleroi (until December 16) we are offered a rare opportunity to see a substantial corpus of his drawings, paintings and prints. Only about 30 of the 120 or so exhibits come from public collections. Schiele's Vienna was also the Vienna of Freud and Schnitzler. Just as psychoanalysts were investigating man's neuroses, so Schiele was attempting to penetrate and paint his subconscious fears. He was obsessed with mortality, man's perilious sanity, and his base sexual desire. His pessimism is not for the faint-hearted.

With an unerring line Schiele exposes bodies so emaciated and grossly distorted that they already seem to be decaying. His female nudes - in black stockings - force the spectator into a violent and false intimacy. Whole bodies are emotively washed with orange, green, and red, or nipples and genitalia highlighted with touches of scarlet, as are tips of ears and knuckles.

Even in the haunting early square-format oil portraits that owe so much to Klimt, and the pencil, watercolour and gouache sketches (the technique from Toulouse Lautrec), Schiele is already endowing his sitters with what one suspects are his rather than their anxieties. Roessler recoils from some unknown terror, his over-large hands distroted as in paroxysm. The artist Max Oppenheimer, his flesh tones a sickly yellow and green, is simply degenerate. Only the boy Herbert Rainer is spared.

The self-portraits, which here start in 1908, are no less merciless. He draws his wasted body naked and exposed, the limbs distorted and patched with clumps of hair. In a painting of 1911 his head is placed against a black vase in the form of a human face, an alter ego. In The Self-Seers he sits before a mirror while his pale, skeletal Doppelganger looms behind.

Schiele's non-figurative works similarly echo his gloomy preoccupations. Trees are bare or Autumnal; his long, thin Sunflower is already drooping. Seen from a *high viewpoint the artist's room* (also inspired by Van Gogh) is claustrophobic, its spindly furniture black against the chrome yellow floor. The thick, smeary brushstrokes, painted on panel, were produced by mixing gum with the pigment. He experimented again with similar techniques in a group of oppressive, uninhabited townscapes which he significantly called Dead Towns.

His main source of income derived not from any of these paintings but from erotic drawings, mostly of women. Wally, his model and mistress passed on by Klimt in 1911 when she was 17, is the inspiration for Schiele's most explicit works. In the subsequent drawings women recline, legs raised or wide open; one is even masturbating. More unsettling still are the drawings of pre-pubescent girls whom Schiele - like Kokoschka before him - picked up from the poor districts of the city.

Two or three of these barely-clad Lolitas would always be lasting around Schiele's studio. His drawings depict them as a queasy combination of provocative and the naive. In 1912, inevitably, he was accused of seducing a minor, and spent 21 days in prison while his case was investigated. In the end he was only found guilty of displaying pornography in a place accessible to children. By their very lack of idealization Schiele's drawings seem the antithesis of pornography.

Around 1914 an element of misogyny appears to enter his work. Nervous, hatched strokes delineate his models, and patches of dry colour give them a rough, unhealthy skin. Their features are reduced to those of rag dolls; they are no longer human beings but objects solely for sexual gratification.

All this seemed to change with the casting off of Wally and his marriage to the innocent and respectable Edith Harms in 1915. Perhaps, at last, Schiele was released from the loneliness that had plagued his life from childhood. His draughtsmanship is still faultless and economical but the angularity and exaggeration are gone. In a ravishing sequence of nudes of 1917 real flesh covers bones, aggression is supplanted by tenderness.

Large-scale oil portraits of Edith, Viktor Ritter von Bauer, and Dr Hugo Koller, of 1918, dominate the last central space of the show. With these important commissions, and the purchase of Edith's portrait by the state of Austria, Schiele's future looked assured. In the poster he designed for the Secession exhibition that year he depicts a Last Supper; he, of course, sits at the head of the table. Three days after his wife, on October 31, he died.

"Self-Portrait with Black Vase" by Egon Schiele

THIS YEAR'S Europalia arts festival is devoted to Austria, and offers 37 exhibitions throughout Belgium, with subjects ranging from the prehistoric ironworks at Hallstatt (Liege, until December 31) to contemporary arts and crafts. Most sumptuous are the treasures of the Order of the Golden Fleece (Palais des Beaux-Arts, Brussels, until December 16) and the manuscripts of Margaret of Austria (Bibliotheque Royalle, Brussels, until December 5). The Albertina lends a selection of its celebrated Old Master drawings (Antwerp, until November 29); and an exhibition of Charles de Lorraine, Governor-General of the Austrian Netherlands 1744-80) takes place in his newly restored palace in Brussels (until December 16).

The Viennese Secession is well represented with shows on Klimt, Kokoschka (Ghent, until November 8), Schiele, and the fascinating decorative arts of the Wiener Werkstatte (CGER Gallery, Brussels, until December 13). Most exhibitions are closed on Mondays.

An Expocard allowing a 20 per cent reduction on entry fees to six exhibitions, and 10 per cent on catalogues, is available from the Europalia booking office at the Palais des Beaux-Arts, Brussels, for 500 BF. One is also included in the "Austrian Weekend" scheme, where one, two or three night stays can be arranged at special prices in four categories of hotel in Brussels. For details contact Belsud, Rue Marche aux Herbes 61. B-1000 Brussels. Phone 02/230.57.30.

Klimt's femmes fatales

THE COMPARISONS afforded by the concurrent exhibitions on Schiele and Klimt (Musees des Beaux-Arts de Belgique, Brussels, until December 16) serve our understanding of both artists. Although Schiele admired Klimt above all others, the extent of his debt to the older artist is unexpected. The revelation, however, is to see how Schiele transformed Klimt's subject-matter and technique to serve his own very different purposes.

After looking at Schiele, Klimt's glorious decorative canvases seem as superficial as their two-dimensional planes. His landscapes are straightforward celebrations of nature, and none the worse for that. The style skips from a muted Impressionism to bold Post-Impressionistic and Pointillist techniques. Unlike Van Gogh and Schiele, he paints sunflowers as part of a decorative pattern created by a riotous and colourful garden.

His drawings are arguable more erotic than Schiele's, and certainly more palatable. The 73 sheets on view fall into two categories. Loosely, and presumably rapidly, executed pencil sketches (not unlike those by Rodin) exhibit a wider curiosity about the female form. Nudes range from the old and fat (and the old and scrawny) to the voluptuous, ecstatic, and pregnant. His fully worked-up drawings are of great tonal subtlety. Thier soft-focus realism is almost photographic, and perhaps it is no coincidence that some have the quality of Victorian postcards.

The sensuality of the drawings becomes headier still in Klimt's oils. Whether painting Judith with the head of Holofernes or society figures such as Emile Floge or Adele Bloch-Bauer, he casts them all as alluring femmes fatales. They luxuriate in opulent backgrounds created out of gold leaf, exotic ornament, arabesques and rich colours. These are powerful, distinctive, strangely iconic images, but the conflict between the delicate modelling of the sitter's face and hands and the flat, stylized treatment of their gowns and backgrounds is never quite resolved.

While Klimt was the most progressive and "modern" artist in Vienna around the turn of the century - he was the first president of the Secession, and an artist whose work embodied the concerns of Art Nouveau - one foot remained firmly embedded in the past. His allegorical paintings and designs are replete with references ot Classical sculpture, to Michaelangelo and Correggio. They show him continuing in the tradition of academic history painting, even if he is attempting to re-interpret subjects such as Adam and Eve in a new decorative language.

Now in its tenth year, Michael Coveney visits the RSC on tour

Drama uplifted

THE ROYAL Shakespeare Company's annual tour is one of its most worthwhile undertakings, more valuable, surely, than seasons at the Mermaid or curious money-raising (they hope) projects like *Carrie* on Broadway or *Kiss Me Kate*.

Now in their tenth year, the fifth with sponsorship from the Nat West bank supplementing the Arts Council support, these tours reach parts of the country starved of Shakespeare and the best classical acting. They encourage young directors to tackle difficult and major texts and unleash a joyous, palpable sense of theatrical communion that is the primary aim of all performing arts, so rarely achieved in either the brutish Barbican or the Stratford tourist trap.

Last weekend in Carlisle I joined the intelligent, enthusiastic audiences in the splendid new Sands Centre (rock wall climbing, jazz dancing, ping pong and weight training, as well as the RSC) for *The Comedy of Errors* and *Hamlet*. It proved an experience both purgative and uplifting.

The RSC is travelling this year with a collapsible light steel construction with its own lighting rig and seating for 500 distributed on three sides of a floor level acting arena. This circus-like arrangement, wrapped around in blue cloth, provides the best solution so far devised to the acoustic challenge of indoor basketball pitches, and has miraculously allowed for both intimacy of acting style and formality of presentation.

Nick Hamm's production of *Comedy* - a piece enshrined in the RSC mythology of company evolution, from Clifford Williams's early 1960s ensemble blow-out to Trevor Nunn's 1976 prophetic musical comedy version - is set in a fantasy police state metropolis where clothes are worn fashionably inside-out and where farce spins hilariously on crossed wires at door telephones and digital watch synchronicity. Roger Michell's *Hamlet*, on the other hand, with Philip Franks a blond, quick and disdainfully yuppy-puppy student prince, unfolds in a Renaissance hall dominated by a voluted gold and white proscenium. Costumes by David Short and Alexandra Byrne are superb; the designs by Kit Surrey and Miss Byrne inventive, witty and fresh.

Both plays deal in identity crisis. In one it is a question of who you are, in the other of why you are. Thus we may distinguish farce from tragedy. In *Comedy*, Antipholus of Ephesus is as drastically disenfranchised for a while as was Hamlet's father for eternity; while his Syracusan double finds another's life foisted on him like a new suit. The latter role is a peach, and Richard O'Callaghan (doubling it with a smiling Claudius of rat-like cunning and plausibility) plays it wide-eyed with wonder and experimental delight.

In response to endless jokes about stricken pates and hair loss, he twin Dromios (Iain Mitchell and Mark Hadfield) are head-shaved smooth as billiard balls. Mr Hadfield as the Syracusan serf, small, plaintive and sullen, gives one of the funniest performances of the RSC year. In a town full of cozenage and mountebanks, Bob Goody's lunatic Dr Pinch, posing as a Guardian newspaper salesman, erupts as a water-squirting kinky Mephistopheles, threatening the Ephesians who lack faith in themselves with images of people who have no such weakness (Wogan, Esther Rantzen, Bob Monkhouse, the borderline case of Judith Chalmers).

I love *Comedy* and am always resentful of excuses made for it in lumbering productions. This is not one of them. Outrageous, yes, but creatively outrageous. There is real depth, for instance, in the comic playing of Maggie Steed and Tessa Peake-Jones as the bemused sisters Adriana and Luciana. These fine actresses offer tragic counterparts to their comic victims of wayward affection in *Hamlet*. Miss Steed's Gertrude is an isolated insomniac in her closet, much affected by Miss Peake-Jones's pell-mell compendium of Ophelia's madness which is bluesily sung, enacted in a terrible swirling vortex, untouched by sentimentality.

The Pinch elaborations are the main textual alterations in *Comedy*. In *Hamlet* we lose much of Fortinbras (this is an indoor, politically muted production) and there are ensemble share-outs for the Player King lines (a fair idea) and Rosencrantz's "The single and peculiar life" speech (a good one). Elsinore's resident string trio (kept busy with a nerve-tweaking under-score by Jeremy Sams) is ousted by a barbershop quintet in the graveyard where the clown's inconsequential verses are deliriously transformed into a King's Singers-style soft shoe shuffle with shovels, gravel and tarpaulin winding sheet. Mr Goody's chief digger stores his fags in Yorick's skull.

Alastair Muir

Maggie Steed

Mr Franks, an actor of sharp comic edge, is not a Hamlet to tear you apart. He is best at smelling out treachery or organising the play scene. But he speaks beautifully and illumines the prose passages especially with hard intelligence. Climactic cries for vengeance or maternal sex deprivation tend to sound manufactured.

There are notable contributions from Malcolm Sinclair (Duke and Horatio), David Collings (Aegean and Polonius) and Michael Mueller (permanently enraged as the abused Antipholus and bereaved Laertes), with good support cameos from Jill Spurrier and David Acton. In Fiona Gillies the RSC introduces a young actress who is as expressive as she is, no way round it, beautiful.

The tour was in Bridlington this week and moves on next to Barrow-in-Furness, Belfast, Leigh, Middlesborough and Bedford, where it ends on December 19. If that means your neck of the woods, attendance is imperative, as is the rapid acquisition by the RSC of a sponsor to keep up the good Nat West work.

Jonathan Miller's 'Mafiosi' Rigoletto is being revived at the ENO for the last time. David Murray reports

Flash to the end

FIVE YEARS on, Jonathan Miller's conspicuously clever production of Verdi's melodrama looks sharp as ever, and the cast of this revival - veterans and newcomers alike - does credit yet again to the English National Opera's house policy. A real, continuing company (such as Covent Garden decided many years ago to do without) has operatic strengths denied to any house that counts upon money and lucky casting to make opera out of guest-lists. At the ENO Miller's flash *Rigoletto* has even acquired a sort of patina. And as Italian opera in English goes, it is sung with rousing bravura.

This is of course the "New York Mafia" version, which loses scarcely anything by the shift of time and place - except in gut effect, for the conscious ingenuity of it all is inevitably a bit distancing. (The juke-box joke with "La donna e mobile," for example, is good fun, but no help to a story which should by then be sorely harrowing.) The current juvenile leads do wonders toward humanising the game. David Rendall's Duke boasts not only a tireless, truly lusty ring, but a ripe high-grade lout persona (artfully realised). And Anne Dawson's Gilda - enormously appealing, vulnerable and brave - marks another step for an actress-soprano of wonderful promise.

John Rawnsley's Rigoletto looms, glowers and quakes to potent visual effect. Vocally he counts upon all-out power (which means unvaried colour, without nuances) to carry the great crises, which indeed he does through raw, sacrifying honesty. (James Fenton's half-hearted translation - halfdemotic-modern as obviously required, half mere translatorese - serves him worst: you need a tin ear to render Rigoletto's agonised pleas to his dying daughter as "Do not die!" rather than "Please don't die!," and the soliloquies earlier are equally stilted.) Jean Rigby repeats her cool, slaggy Maddalena, and Dennis Wicks, Brian Bannatyne-Scott, Mark Richardson and Shelagh Squires all stamp their roles with vivid character.

During the course of the revival most of these singers will be alternated with others, which at the ENO doesn't generally mean inferior substitutes. The conductor till the end of the calendar year is Paul Daniel, whose flexible, positively un-english beat serves his soloitsts unerringly (though the lively chorus always needed a verse or two to connect with it) while losing none of Verdi's dramatic energy.

Alastair Muir

John Rawnsley and Anne Dawson

Radio

Miller's Montezuma

A WORLD premiere of an Arthur Miller play is an unlooked-for bonus in the acclaim he is currently attracting through the publication of his autobiography. Written in 1940 and left in a file at Austen University, Texas, *The Golden Years* (Radio 3, yesterday) was worth bringing out. An account of Cortez's encounter with the Aztec king Montezuma, it is written on a *huge scale* and is hardly likely to be seen on the stage; so what better than a radio adaptation (made by Miller himself) until a film version comes along?

Sixteenth-century Spain was certainly determined to spread its rule wherever it could. In 1519, Cortes (though with lapsed authority) took on Montezuma and extended the Spanish reign to Mexico; in 1529, Pizarro overcame Atahuallpa and captured the treasures of Peru. The stories are very similar (though Miller's play is not much like *The Royal Hunt of the Sun*). Both rulers were descended from the sun; both nations believed the white invaders might be gods; Montezuma and Atahuallpa both received the Spanish courteously and were then deceived and killed.

The Golden Years is a baroque piece, with proper attention given to excitement and tension, in the case, for instance, of the helmets of Cortes and Quetzalcoatl - if they were alike, the invaders were indeed gods. *There are* even two quasi-romances, Cortes's historic association with the Indian girl Marina, and a less historic one between Montezuma's daughter Tecuichpo and Cortes's captain, Alvarado. Like Atahuallpa, Montezuma found himself fighting his own brother.

The alleged object of the operation was the conversion of the Aztecs; "I could have been a Christian," Montezuma says, dying from his own people's arrows after pleading for the escape of the invaders, "but now I see the *Christians are debased people*" - and as the Christians are concerned above all with stealing the Aztec wealth, there was something in that judgment. I found this an exciting play, lavishly directed by Martin Jenkins, with Ronald Pickup as Montezuma and John Shrapnel as Cortes and lots of sinister music for the cor anglais by Christos Pittas.

Another play about banditry, of a different nature, was *The Flawed Man* by James Douglas (Radio 4, Monday), telling of a media mogul's attempt to turn a flamboyant writer on his tit-and-bum Clarion into a flamboyant interviewer on television. We are not told how he got his destructively libellous interviews on the screen so easily; ultimately he was trumped (rather late) by the IBA, so it was nothing to do with the BBC. Everyone talks in stage-journalese, even the goodie who is writing a book showing how awful the Clarion's owners are and who is destroyed on the programme. The emotional level of events was about that *of a strip-cartoon*. I am *not* writing this play off, it was a joyous, Clarion-style piece; but neither serious drama nor serious comment.

I would like to have heard the solicitors discussing in*Lawyers in Action* (Radio 4, Tuesday), but they were concerned with simple everyday matters like desertion, burglary, drunk driving and GBH, and the problems of casting an obvious villain in a favourable light. There was no comment in this fascinating programme; we just heard the *lawyers talking with their clients*. I ended much in favour of the kind and tireless solicitors.

Next Tuesday we shall have barristers. I have heard the programme; it is on the same lines, though less down-to-earth. One barrister is black, one is a woman; in one case defence counsel consults off-record with the prosecution to urge an advantageous way of presenting the charges. No bad lawyers in either programme, of course. Perhaps there aren't any.

A sympathetic feature on Radio 4 last Saturday on L.S.Lowry. It told us nothing new; the extraordinary thing about Lowry, whom everyone seemed to like as well as admire, is that he was so ordinary. What must he think, as he looks out over the gold bar of Heaven, to see himself as the hero of a ballet?

B.A.Young

Chess No. 696

1 B-R4. If PxB dis ch; 2 N(2)-B4, or if P-N5 ch; 2 N(6)-b4, or if R-Q1; 2 N-N7, or if R-N3; 2 B-N4.

Video

Adults' choice

WITH CHRISTMAS a hair-raising month and a half away, November is once again the last call for video companies to empty their stockrooms of all the year's "adult" wares. It is an old video-industry tradition that, with December given over entirely to sweetness and light, anything nasty or naughty had better be pushed out onto the market right now.

However, be not afeared. It is not all *Emmanuelle 8* or *Sexy Confessions of an Unfrocked Cleric*. Amid the flood of movies that are "adult" in the yellow-press sense are several that are "adult" in the best sense. Finest, or certainly funniest, of these are *She's Gotta Have It* (Palace) and *Personal Services* (Virgin). The first is Spike Lee's deliciously offbeat comedy of a four-sided love affair in Brooklyn: three black men humming like vainglorious moths round the flame of the heroine "Nola Darling" (Tracy Camila Johns). Witty, *unpredictable and made on* a shoestring. The second film gives us the immortal adventures of Streatham madam Cynthia Payne, here thinly disguised as "Christine Painter." But she is far-from-thinly played by Julie Walters, who stalks, struts, trills and banshees through a comedy at once tender and raucous. Terry (Monty Python) Jones directs, from a splendid script by David Leland.

Also on the adult-in-the-best-sense list this month are three diverse but comparably dark-toned movies. Oliver Stone's *Salvador* (Vestron) made less of a box-office splash than his succeeding *Platoon*, but it sends out far subtler ripples as a picture of men at war. Oscar-nominated James Woods is sweatily brilliant as the reporter losing his bearings, physical and emotional, in the chaos of a foreign war.

Bertrand Tavernier's *Round Midnight* (Warners) is a haunting Paris-set nocturne built around the dying days of a black jazzman (the majestic Dexter Gordon, also *Oscar-nominated*).

And Leo Marr's *Dancing In The Dark* (New World) has a knockout performance by Martha Henry - not Oscar-nominated though she should have been - as the wife driven to murder in a marriage of opposites. This tiny-budgeted Canadian film begins *cautiously, even stiltedly*, as Miss Henry "remembers" her past in flashback from a mental hospital. But as her recreated story gradually takes over the whole narrative, the film grows into a domestic inferno worthy of Strindberg or Albee.

For those seeking lighter forms of recreation, this month's self-improvement videos have decided that health and fitness are what we want. Video Collection offers *Massage, parts 1 and 2* - no snickering please; this is not *that* kind of "adult" tape - and *Jane Fonda's New Workout*. Since I am still trying to work out Jane Fonda's old workout, this DIY offering is not for me: but intrepid aerobicists will no doubt seize upon it. In the hunt for fitness, why not also try Larry Hagman's *How To Quit Smoking* (also from Video Collection)? Here the snake-eyed old oil-driller from Southfork shows you how to shake off the weed in several easy lessons, without shaking off your friends and your sanity at the same time.

Happily, amid the month's depiction of grown-up vices - how to enjoy them or how to cure them - there are some things left for children as the Xmas countdown begins. From Virgin comes a highly enterprising series of children's stories on cassette: *The Ugly Duckling, The Elephant's Child* and others, narrated by the starry likes of Jack Nicholson, Cher, Jeremy Irons and Kelly McGillis. And from MGM/UA why not seize for your offspring the immeasurable treat of *Little Tweety Little Inki?*: an hour of vintage 40s cartoonery from Messrs Sylvester, Tweety Pie and Inki. For anyone crying "Who?" in response to that last name, *Inki was an animated native boy* not often seen on our screens since he fell foul, over the years, of race-relations sensitivities. Now you can conjure him up on your own screen and be your own adjudicator.

Best of all for children this month, Walt Disney's *Pinocchio* comes to video. The boy puppet who suffered from an alarming nasal affliction - his nose grew longer whenever he lied - forms a classic double act with the tail-coated cricket.

Nigel Andrews

Gardening

Clipped joints

Hedges to bet on: Arthur Hellyer takes a look at the neglected art of topiary and finds evidence of a fresh approach

TOPIARY, the art of training and clipping shrubs into artificial shapes, is a fashion that is greatly controlled by the availability of ready-formed plants. For the past 20 years or so these have been almost non-existent in British nurseries and garden centres and only a handful of enthusiasts have continued to make topiary a significant feature of their gardens.

I talked to one of these last summer and as I walked around his garden admiring his creations I was surprised to learn that he considered topiary a labour-saving form of gardening.

Topiary and hedgings or edgings can be used to give shape and character to a garden and individual specimens can be sited as decorations in key positions and be trimmed to almost any shape and size.

My companion showed me one shrub that he was shaping as a dragon, an idea that had occurred to him because he was expecting a visit from a Chinese friend. In another place, among the plants in a mixed flower border, were two little poodles cut out of box. They looked charming together and he explained that at first there had only been one but he thought it looked lonely so he made it a mate.

One of the interesting things about this garden is that topiary is used in so many different ways. Arbours are made with trimmed shrubs, there is a tunnel made with hornbeam which became too dark so windows were cut in it to let in more light. A high windbreak, also hornbeam, was made with two hedges placed sufficiently far apart to allow a path and a flower border to run between them. The outer hedge was cut right to the trunks of the hornbeams for the first six feet so that it seems to stand on stilts like the famous stilted hedge at Hidcote Manor in Gloucestershire.

The inner hedge was conventionally cut but is topped at six feet so that one hedge takes over as a windbreak where the other leaves off.

There is a Frency-style potager in this garden in which flowers, fruits and vegetables combine to make a fine pattern edged with box. Nor are the poodles the only trimmed shrubs to stand among informally planted flowers. One can find such specimens all over the place injecting a sudden note of formality or amusement.

I found it charming but, at the time, I thought it a little impractical for most gardeners who would not know how to start or what shapes to make. Then, a few weeks ago I visited the International Garden and Leisure Exhibition in the National Exhibition Centre, Birmingham, and discovered an exhibit of large shrubs which included numerous well-formed specimens of topiary.

There was nothing as original as my friend's poodles or Chinese dragon but there were well-formed balls, pyramids and spirals all ready to give a garden some very interesting decoration.

This remarkable exhibit had come from Tuscany where there has for a long time been a tradition of fine tree and shrub nurseries but availability in Britain has been virtually nil. The plants shown at Birmingham had been grown by Vannucci Piante of Pistoia, Italy, and I was told that the firm was looking for a British agent.

In the past the hindrance has always been the cost of transport of such big and heavy plants. Whether the new roads, lorries and methods of containerisation are easing these problems I do not know but it would be good news for gardeners if such fine trained and trimmed plants could again become fairly easily available. I fancy that price would not now be a great limiting factor since today most gardens are so small that only a few such plants are required.

For those of more limited means or with greater confidence in their own gardening skill there is always the possibility of creating one's own topiary at minimal cost. Young yew trees and box bushes are freely available and if well looked after will make quite large plants in a few years.

Much can be done simply by clipping with shears or hedge trimmers. Only for the more fantastic shapes, peacocks, rabbits, bears and the like, is it necessary to tie some stems, canes or wires to take them in the right direction. At Brickwall, Northiam, East Sussex, where gardeners have recently completed a huge chess board with a full set of chessmen cut in yew they started by making wrought iron frameworks over which the pieces could be trained but I think this was as much to give the garden a well furnished appearance from the outset as for any arboricultural necessity in forming the chessmen.

Tomorrow is Remembrance Sunday. **Diana Preston** looks at lasting tributes

A place for bitter-sweet remembrance

THE Commonwealth War Graves Commission is a modest organisation. As a gesture towards its 70th anniversary in May it issued a commemorative tie. Otherwise, from its headquarters in Maidenhead, it quietly pursues its global task of commemorating the members of the Commonwealth forces killed in the two World Wars.

During this weekend's Remembrance Sunday it is appropriate to recall that the Commission's underlying message has always been one of comfort and consolation. Early in the Great War the commission's founder, Fabian Ware, foresaw the scale of what was to come. On his own initiative he turned the Red Cross unit with which he was serving to the pressing task of recording the mounting British dead. Amid the destruction of the trenches he had a vision of what he must achieve - the serenity of an English garden, a home for bitter-sweet remembrance.

Visions are elusive. Contemporary accounts describe a determined Ware forcing the harassed General Staff to recognise the need to register and mark graves. His campaign led in 1917 to the creation of the Imperial War Graves Commission under his day-to-day management. He had an ally in Rudyard Kipling who had lost a son and was one of the new commissioners.

Work on cemeteries had begun as early as 1915 and close attention was already being paid to ambience. Ware was determined that the cemeteries should not be "gloomy places." The assistant Director of Kew Gardens recommended hardy annuals to brighten places "often very barren and desolate," starting a relationship with Kew that still exists. Peace raised matters of principle. How and where should the dead be commemorated? Should repatriation and private memorials be allowed?

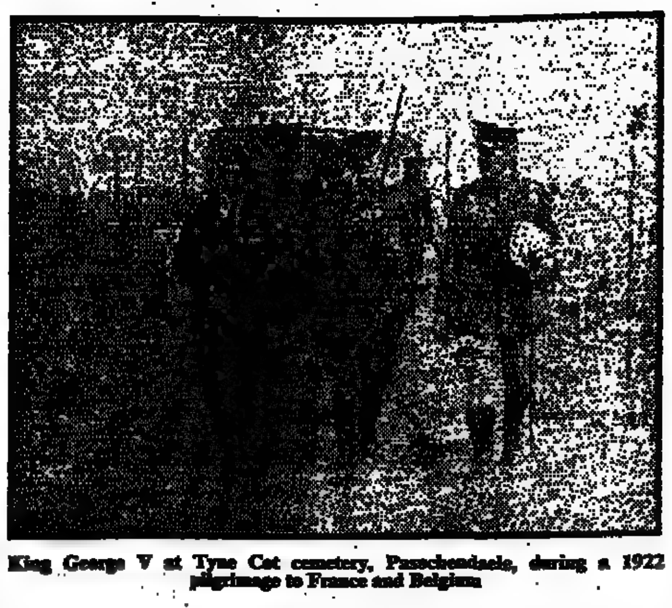
The commission believed that the sacrifice had been equal. There should be no distinctions between rich and poor or on account of military or civil rank, race or creed, and no repatriation of bodies. The dead should be commemorated individually and permanently by name either on headstones or on the grave (there were to be no individual crosses) or by an inscription on a memorial.

Arguments raged in the press. One advertisement stated bitterly that "The Imperial War Graves Commission have ABSOLUTELY REFUSED to allow bereaved parents, widows and orphans to have any say in regard to the graves of their loved ones." Parliament eventually decided in the Commission's favour with the assistance of Winston Churchill who was then the commission's chairman.

Ware called upon a distinguished group of architects, sculptors and engineers to give substance to the commission's aspirations. The interwar years were a time of busy construction under the direction of the architects Baker, Bloomfield and Lutyens. Two commission hallmarks - themselves the focus of fierce arguments - distinguished the new cemeteries - Lutyens' Stone of Remembrance in the larger and Bloomfield's tall slender Cross of Sacrifice in all but the smallest.

It would have been impossible to achieve total accuracy about those to be commemorated, yet of the 54,986 names engraved on Bloomfield's Menin Gate at Ypres there were fewer than 100 errors - 78 minor spelling mistakes, 18 cases of names duplicated on another memorial, and one case of a man found subsequently to have survived.

The Second World War scattered the commission's staff - some were interned and spent the war studying for the Royal Horticultural Society's exams. One attempt to tunnel out under pretence of building a rockery failed.



King George V at Tyne Cot cemetery, Passchendaele, during a 1922 pilgrimage to France and Belgium

Hostilities once more over, work resumed. New cemeteries were needed - like Kohima in the Naga Hills of northern India, constructed around the tennis court where the Japanese advance was halted. Today Kohima is threatened by landslips and the Commission faces a range of maintenance problems.

Time is not the only enemy. Elephants rampaged through a cemetery in Assam while earthquakes, fires and storms are familiar to an organisation which spans 140 countries. The recent and unexpected hurricane damage in southern England - particularly at Brookwood cemetery - is still being assessed.

New conflicts pose the greatest obstacles. Civil war in the Lebanon meant the virtual destruction of two cemeteries. A consignment of replacement headstones waits in Cyprus until it's safe enough to enter the Lebanon to erect them. In Iraq the cemetery at Basra, built after the Mesopotamian campaign of the First World War, is in the war zone and out of bounds to visitors through local staff manage to keep working.

As a global caretaker the commission keeps a close eye on international relations. Where possible its work abroad is underpinned by agreements or formal arrangements. A recent success was the signature of a war graves agreement with the German Democratic Republic in April. The effect of glasnost on access to the graves of war dead from the Arctic convoys at Murmansk and elsewhere is awaited. At a recent ceremony the Russians presented medals to veterans of the Tenth Destroyer Flotilla who escorted the convoys, so the portents are good.

Responding to enquiries is an important facet of the Commission's work. There are some 20,000 per annum ranging from simple enquiries about the location of a grave to requests to plant shrubs. Interestingly, requests are increasing. The commission attributes this to wider travel, the retirement of Second World War veterans who have time to go on pilgrimages, and growing enthusiasm for genealogical research. Companies are also becoming increasingly interested in collecting records of all former employees who died in the wars.

Even now, records and memorials have to be updated as more bodies are discovered. There were 24 in the past year or so, including two Second World War pilots found near Calais and in Kent, and a Canadian soldier of the First World War identified by his metal tag.

The commission is confident of the future so long as the political will remains to fund it. The cost is shared between the partner governments - Australia, Britain, Canada, India, New Zealand and South Africa - in proportion to the number of their graves.

The theme of value for money runs through commission literature, and it pursues anything that enhances efficiency, from pop-up sprinklers in Israel and Italy to computerised accounting and the forward purchase of foreign currency - important given that the commission's budget is fixed in sterling but three-quarters of expenditure is abroad. Despite these strivings, however, the original spirit of Fabian Ware's vision is not being sacrificed to expediency.

The commission believes that financial pressures and principles can be reconciled. Meadows of easy to maintain wild flowers are being cultivated in Belgium and France to provide what the commission describe as a "discreet yet attractive reminder of the countryside over which the battles of seventy years ago were fought."

In all the 140 countries the commission hopes that its work provides a poignant but comforting reminder of sacrifice which - despite the passing of the years - ought not to be forgotten.

Robin Lane Fox on the genteel approach to gardening

So refained

THE RAIN has been unbearable and the reports of ruined trees and gardens are still too appalling to be faced rationally. I have given up weeding in the fog and spent my time with a favourite source of mischief and encouragement. Naturally, I only admit to it because it is a book. In the early 1980s, the Englishwoman's Garden was the most widely-bought book on gardens, not gardening. This month, you can turn to the New Englishwoman's Garden (Chatto; £16.95) and see if you think it will have the same success. It repeats the formula with some appealing colour photography and a good typeface.

You will realise very quickly what the "New" in the title qualifies. This book is not about New Englishwomen. There is nothing about rose-gardening for commuters, or how to buy pre-grown plants to match with Marks & Spencer's pre-arranged food. There are no tips on what to store in a filophlox and nothing on how to force an au pair to mow the lawn.

New, in fact, means more of the same. The Englishwomen are rather limited. There is next to nothing from the new intake of 20-to-40-year-old gardeners, some of them most admirable ladies who would make Vita Sackville-West reach respectfully for her Hillier's Manual and acknowledge happily that gardening, through life's changing phases, keeps throwing up new blood. There is no pulling the wool over these new jardinieres, no muffling them with good old ladies' mantle or fobbing them off with love-in-a-mist. They are critical observers, good propagators and much too busy to write books.

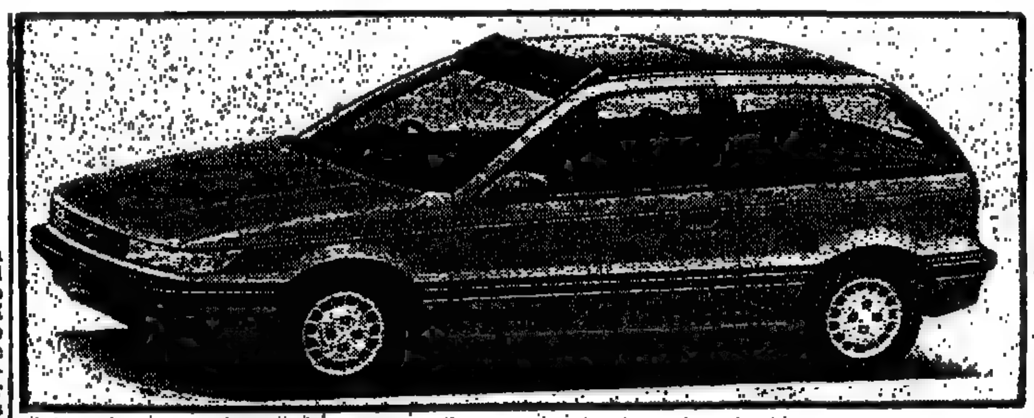
I like the photographs, though I always mistrust a photograph's impression of a garden. I particularly like the contributors' descriptions of their gardens, because they come up with a charming phrase for odd seasons. "In October, it is one of those rare days of intense colouring, almost black-grey and white clouds, shafts of sunshine out of blue pockets in the sky...incredible hues of gold...a huge flock of seagulls like a snowstorm." Like October, moonlight is a garden hour which Englishwomen appreciate. They are even on the prowl in frosty January: "To walk round in the dusk in the winter, with the pheasants going to bed, and to be able to pick a posy of flowers makes one sense that a garden is worthwhile."

The contributors' views are useful witness to the extraordinary range of soils and local climates. You would be amazed what survives "to the west of the plain of York," where olearia macrodonta is a "marvellous windstop." I can endorse the good words for an under-valued flowering pear, Pyrus Chanticleer.

What, exactly, is the typical Englishwoman's typical contribution? Judging from these articles, she reads books, visits other gardens, and, to judge from the photographs, is rather too fond of Acer Brilliantissimum and strongly variegated plants. There are two keen diggers. "I really like digging, especially on a crisp day in autumn." However, the others admit thankfully to some invaluable supporters. "Jim retired completely after that summer, and Ian Billot arrived from Scotland..."; "My help is minimal and erratic and amounts to roughly twelve hours a week." I wish mine did. Whereas I have tended to employ women, these Englishwomen gardeners universally employ men. Twenty-four of the twenty-eight contributors remark that men do much of the dirty work or tell them what to do in the first place. Their gardening is "female" largely in the sense that it is in defiance of their husbands. "As a result of our disagreements and of always being greeted by 'good God, not more plants,' I finally resorted to hiding anything new under rugs or plastic bags or locking them in the boot of the car."

Unlike the husbands, the workmen have a way of arriving

unexpectedly and staying for ages, having answered a newspaper advertisement, come up from the village or started early at sixteen. Propped up by male muscles and often provoked by husbands, English gardening becomes Englishwoman's gardening. The garden-designers who give casual advice tend to be men; I even found myself advising that a river should be moved, advice which I still think was right, though the woman thought it eccentric. This book has much good humour from its contributors, but its focus is much too narrow and gives off a needless air of snobbery. Sometimes, I feel like publishing the FT's book of Englishwoman's gardening letters. One reason why I do not is that gardens are made by keen gardeners and I do not think there is anything uniquely female about English gardening style. If husbands are sometimes a provocation, I dare-say there are wives who are just as bad; meanwhile, the same weather plagues all of us.



The new Mitsubishi Mirage - called the Colt in the UK - has an extended roof like a Honda Civic, with two opening panels.

Motoring

Tokyo innovations

BY TODAY, about one million people will have visited the Tokyo Motor Show. It is held in a faintly scruffy collection of halls in the dock area. The largest makes Earl's Court look enormous and the whole bunch could be lost inside the National Exhibition Centre in Birmingham.

When I visited the show last week it was the day for "honoured guests. Though far from packed, Hall 1 was a cross between bedlam and a pressure cooker. Tiny girls with microphones were trying to out-shout each other. Bright lights by the thousand and TV screens by the hundred raised the temperature to near tropical heights.

A good place to get out of? It would have been, except that the cars themselves made it an Aladdin's Cave of automotive high technology, a shop window for the most enterprising and innovative motor industry in the world.

At European motor shows one expects more face lifts than brand-new models and is used to seeing stands packed with cars that have been a familiar sight on the roads for months, even years. But not at Tokyo, or at any rate not on the Japanese manufacturers' stands.

There are, of course, the concept cars. They lift the curtain on ideas the makers have for production models of a few years hence. Things like four-wheel drive with torque-split between front and rear, electronically controlled according to road conditions, magnetic door locks and suspension that automatically changes the ride to suit a driver's moods. All these features are on the beautiful though apparently practical Nissan ARC-X, a potential senior executive's car of the 1990s.

The Toyota FXV-II is a running prototype of a luxury super-sports car of the next decade. Powered by a 32-valve V8 of 3.8 litres capacity, it has full-time four-wheel drive and four-wheel steering, anti-lock brakes and electronic control of engine, transmission, suspension and steering.

While Europe debates the merits and ponders the need for four-wheel steering, the Japanese makers have gone right ahead. They have included it on many of their concept cars and buyers can have it it on some 1988 model production cars.

The smaller makers, too, have their futuristic yet down-to-earth concept vehicles. Subaru's F624 Estremo features a 2-litre, flat-six, 24-valve engine with twin turbochargers, water cooled cylinder heads and oil cooled cylinder liners. Throttle control is electronic. Also on the Subaru stand was one of several continuously variable transmissions that bring a two-pedal convenience to small car owners without the cost, complication and weight of a conventional automatic.

The amount of innovation is overwhelming. Mitsubishi Motor Corporation has replacements for its existing Mirage (Colt in Europe) and Galant models. The small/medium Mirage hatchback has a Honda-style long roof (with one or two transparent, opening sections if required) and up to 1.6 litre capacity versions of a new range of "Cyclone" engines, some with 16 valves, turbochargers and intercoolers.

The Galant, a shapely four-door saloon, is styled in the European fashion. It is a complete departure from the North American "Class of '78" bulbous angularity of the typical Japanese medium/large car of the recent past. Mercedes is now clearly the mentor. The Galant (and others) have the contoured lower body panels reminiscent of the newer Mercedes saloons and coupes.

The latest Nissan Cedric - the old version is a favourite Tokyo taxi - even has switches just like those in a Mercedes for operating the electric seat adjusters.

If not exactly two-a-penny, Mercedes cars (especially the largest and costliest S-Class) are a common sight in major Japanese cities. So are BMWs and, to a lesser extent, Audis, VWs and Volvos. In the first nine months of this year Mercedes sold 13,999 cars compared with 10,090 in the same period last year.

The domestic manufacturers still have nothing quite like a Mercedes or Jaguar though if their larger and most luxurious concept cars are straws in the wind, this situation may change. Jaguar hopes to sell 400 of the new XJ-6 and its derivatives in the next year, rising to 3,000 cars in 1990 and perhaps double that number in the longer- term.

One can understand their appeal. However clever the technology of the latest Japanese executive-and-above saloons, they lack the solidity, the exclusivity of the European luxury product. For this the affluent Japanese businessman is prepared to pay large sums of his company's money - like £42,000 for a Mercedes 300SE, £69,300 for a 560SEL and £141,000 for a Bentley Turbo R.

It is a different matter lower down the scale. Many of the European makers showed family type saloons and hatchbacks. A dull lot they looked, too, compared with the Hondas and Toyotas, Daihatsus and Mazdas. Value for money cannot come into it. A Daihatsu MIRA, Metro-sized, with full-time four wheel drive, a turbocharged and intercooled one-litre three-cylinder engine and a lavishly equipped, fashionably curvy body, costs £4,390. That is little more than half the price of a £8,220 Fiat Panda 4x4, which is one of Europe's more utilitarian runabouts.

This is the last year that the biennial Tokyo motor show will be held at its present site. In 1989 it moves to a new and as yet unbuilt exhibition centre between the city and Narita airport. It will by all accounts be larger. I pray it will also be air conditioned.

Stuart Marshall

Finely-crafted handmade copies of antiques are giving repro furniture a good name

Authentic copies

MENTION the word "repro" in certain circles and the response is likely to be very sniffy indeed. As for antique dealers,the proper ones who deal only in authentic this and genuine that, they tend to regard anything with the dreaded tag of "repro" rather in the way somebody used to pure-bred Burmese might look at a pole-cat.

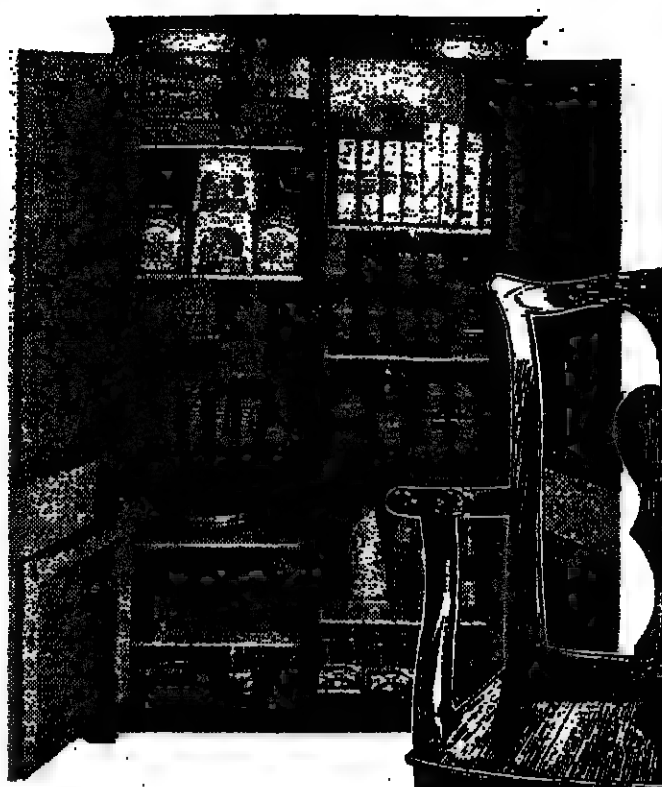
I've always had a little difficulty with the idea of "repro" myself, feeling that somehow they were always second-best and that a good honest piece of junk was better than a piece of furniture that was pretending to be something that it wasn't.

However, this week I was much struck by discovering just how much a prejudice in this department adds to the price tag. A Georgian dining-table of a classic design with two leaves that can be added and subtracted at will recently fetched £84,000 at auction - no wonder almost perfect copies are being snapped up (with a three-month waiting list) at one London store for some £3,000. At these sort of prices fine aesthetic judgements begin to seem a luxury that only the very rich can afford.

As genuine antiques become harder to find and more expensive to buy when you do track them down it is hardly surprising that these days there is a new growth industry in companies that are making meticulous finely crafted copies of genuine antiques. When they are made with as much love,care and craftsmanship as ever went into the originals,when only the very finest sensibilities can distinguish between it and its original role model, then surely it becomes a *trifle ridiculous* to be snooty about the one and admiring of the other.

There are those who claim always to be able to distinguish between the genuine and the latter-day copies and I daresay they can - certainly modern timbers are different. Some older timbers are definitely more pleasing but on the other hand on good modern furniture drawers and doors will work much more smoothly than on most antiques. The best makers of furniture today use only timbers that have been professionally seasoned so that should go on looking good no matter how high you turn the central heating.

Anybody despairing of finding the sort of antiques that they both like and can afford might like to know about John Colvin furniture. Here is furniture made *only* from the best, most solid English timbers - oak, elm, ash, cherry tree and yew -which has about it an air of very pleasing Englishness. Good, honest country furniture - nothing too elaborate or over-decorated, nothing too fine and spindly, all of it imbued with an air of straightforward solidity.



Cupboard (£2,484), dresser (£1,850) and carver chair (£400) available from John Colvin

None of the pieces are precise copies of any given piece from the past, all of it is made in the tradition of the country furniture that had its roots in the 16th century and that thereafter all but disappeared. The pieces are largely made by hand, though of course some machine-work is involved. Only solid wood is used and a great deal of trouble is taken with the polishing - all done by hand (which avoids that rather blanket, opaque look that is the infallible sign of machine-polishing) to enable the quality of the wood to shine through. As John Colvin himself puts it:"I try to avoid the word patination - it sounds so pretentious - but what we try to do is to French polish by hand, in the traditional way, so as to bring out the true character of the wood."

You will have gathered that the kind of furniture that John Colvin specialises in is not in the spirit of Sheraton or Chippendale - there are sturdy country dressers, wonderful simple cupboards, straightforward tables ideal for large and convivial family gatherings, beautifully worked country chairs. It is a mood and a style that is either to your taste or it isn't. Personally, I find most of it infinitely agreeable. Prices may, initially, seem quite high but when you look at what genuine articles are now fetching you may change your mind. The cupboard featured here is £2,484. but it measures some 3 ft 8 ins wide by 6 ft 6 ins high by 1 ft 8 ins deep. There is a pot-board dresser for £1,850 (or you can buy just the base and use is as a sideboard for £1,184). Then there is a marvellously solid refectory table (available, like all the furniture in oak, elm or cherry) for £954. If you would like to see the furniture it is available from John Colvin, 45, Stoke Road, Blisworth, Northampton NN7 3BZ (tel.Blisworth 859446) There is a finely produced full-colour leaflet showing all the furniture and listing all dimensions and prices, which can be sent in exchange for a 28p stamp.

Lucia van der Post

HOW TO SPEND IT

Designer Zandra Rhodes tunes in while she works

The right wavelength

UNLESS you're really desperate to sing along with Placido, don't buy a shower radio. A persuasive mail order promotion photographs the device, called Wet Tunes 3, discreetly covered in lather. But for £20 all you get is a Chinese-made transistor whose sound quality makes it difficult to differentiate between Domingo and Dolly Parton.

The electronics that bring the Brian Redheads and Steve Rights into our lives are now so cheap that some radios have become throwaway items, with a consequent loss in sound quality. This is a pity because, unlike television, a radio can be a highly portable and personable companion. And who wants to spend a lot of time with something that makes Valerie Singleton sound like Louise Botting?

Radios are now built into clocks, tape recorders and telephones. Some are as small as a credit card and others run on solar power. You can buy a reproduction wireless with the Home Service marked on the dial,smooth matt-black models and radios half submerged in concrete blocks. The choice is bewildering. Here is a brief guide to radio-speak for those who want a better sound from their portable. The airwaves are divided into four bands: VHF-FM, Medium Wave (MV), Long Wave (LW) and Short Wave (SW). Not all radios are capable of picking up stations in all four groups, so it's *important to decide on your* needs before buying.

Eureka! RADIOS

Medium and Long Wave

These are the traditional wavebands which,because of technical limitations, don't transmit the higher notes and consequently produce a more muffled sound unsuitable for high fidelity listening. But unless the radio is very badly made the sound is quite adequate, especially for speech. Radio 4 is the only British station still transmitting on Long Wave. It sometimes splits its service between wavebands and particular programmes, such as Woman's Hour and the shipping forecast, can only be heard on Long Wave in most parts of the country. Long wave is particularly useful when travelling on the Continent because it's easy to pick up Radio 4. Most stations are available on medium wave, also referred to as AM on some radios. Both MW and LW transmissions suffer interference from other stations, especially at night. A good radio will cut this to a minimum.

VHF - FM

Transmissions on FM can produce high fidelity and stereo sounds. But on portables an aerial has to be used and this can be highly inconvenient. In poor transmission areas, such as cities, the aerial has to be persistently repositioned, which is extremely tiresome. FM also produces that irritating shushing sound as the strength of transmission varies.

Short wave. Picking up Moscow or revolutionary ravings from Libya is possible on short wave and it's also necessary if you want to listen to the BBC World Service while travelling abroad.

Depending on your priorities, *here are some of the issues* worth thinking about before buying a portable radio. **Wavebands**: unless you hate Radio 4, it is essential to test sets that will receive LW, MW and FM. Most European-made models offer all three bands and only some US and Eastern-made radios limit the choice to FM-only or FM and MW.

Tone: quality of the sound reproduced depends on a number of conditions, such as the waveband, signal strength, interference, quality of the speaker and how well the radio is constructed. Small speakers might give a higher-pitched sound, but if the whole radio is well made, they can be perfectly adequate. The more substantial portables offer a tone-control which, if effective, can be useful.Ask the shop assistant to switch off background music. If this is impossible, insist on taking the radio into a listening room or back office. A good test is to listen to the radio very loudly. A certain amount of distortion is inevitable, but if the cabinet is badly made or the speaker inadequately anchored, the sound will be very distorted.If so, reject the radio and try another.

Battery, electricity or both? Battery life depends on how loudly you play the radio. Larger batteries give better value for money and these are usually used in big radios. Beware of small sets that use those square and terribly expensive nine-volt batteries - they are uneconomical. It is prudent to choose a model that can also be plugged into the wall, as the consump*tion of mains current is minimal.*

Easy to use? Of all the controls, the tuning button must be easy to use. Because of interference from strip-lighting in shops, testing MW and LW tuning can be difficult. If it's impossible to take the radio outside, testing on FM will give an indication of any tuning difficulties. Reject sets that are difficult to tune into a station. Make sure you feel comfortable fiddling with the knobs. And if you're looking for a shortwave receiver, insist on a fine-tuning knob, which allows you to make minute changes and prevents overshooting the station.

Some of the more expensive models have digital tuning, allowing you to punch in the frequency and leave the radio to find the station. But this means you have to know the frequency and you can't easily scroll through the dial. Radios with memories - giving push-button tuning - are useful if you regularly listen to a number of different stations.

Design: some radios are terribly ugly. But manufacturers such as Britain's Ross produce interesting looking models that also sound good. For those with a more traditional taste, Roberts still make most of their sets to a 1950s style, some with real wood cabinets. The company should, however, be deeply embarrassed about certain portables that look and sound dreadfully cheap.

Price: Although some radios are less than £10, good sets start at about £25. It should not be necessary to spend more than £50 for an adequate set for local listening. Good shortwave receivers start at about £80. If you want to be particularly thorough when choosing, look in Which? magazine (available in most local libraries). A rigorous test, published a year ago, produced four "best buys," the Grundig Party Boy 110, the ITT Tiny 320 (both small), the Philips D2615 and the Russian-made Vega Selina 215. The Toshiba RPF11 was chosen for short wave listening.

Peter Knight

Eating in instalments

WHILE lunching at a restaurant in Italy not so long ago, I was rather surprised when the gentleman at the next table, having finished his meal, rose and left without even calling for his bill, let alone attempting to pay it. I wondered if I might emulate his cheek. It was as well I didn't try to do so. It appears that the man in question was merely benefiting from a system of *abbonamento* or subscription eating.

The principle is very simple. Once a month you make a down-payment of so many lire at the restaurant of your choice. Then you may eat there as often as you like until the subscription is exhausted. The advantages for the restaurateur are clear. He has cash in the bank. He is guaranteed a certain level of custom. He can plan his buying and menus more accurately. He can get rid of any surplus more readily.

In return the subscriber gets a four-square meal at a discount, at a quality restaurant of his choice. The whole arrangement is typically Italian in its mixture of its practicality and hedonism. Indeed, so sensible is it, one wonders why it hasn't been more widely adopted. Perhaps there are restaurants in this country that have a similar system, but I have never come across one.

Having an account somewhere is not the same thing at all, as I know to my cost. You are encouraged to reckless extravagance, not to planned consumption. Having an expense account is even worse. We are protected from our *folly* because we *are* not responsible for the bill. It's only when we have to pay out our own money for what we have consumed that we begin to take a serious interest in what we get for it. And so through ignorance, cowardice and irresponsibility, we encourage a whole host of places designed simply to relieve you of your money, to flourish. I was taken to one such - it had better remain anonymous for reasons that will become obvious.

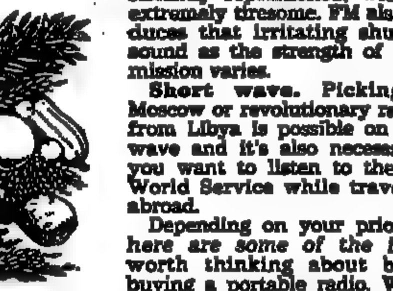
The idea that there is some remote connection between eating out and gaining pleasure flew out of the window as we flew in. I was handed a menu the length of the average Sunday newspaper. We were plied with alcohol while we waded through it and were insulted by the misleading sub-titles of fancy French descriptions. Having made our choice of food, the very variety of which suggested the magic of the microwave rather than the hand of a master (or, more frequently these days, *a mistress) we lurched to our* table to have cannon balls of bread forced upon us, which, when broken open, seemed to contain mushroom spores.

By the time our food finally arrived, we were in scarcely any condition to tell whether it was fish or fowl or fine red flesh. On the other hand someone's bank account was considerably lighter or credit card account correspondingly heavier by the time we were shown politely and gratefully to the door.

Did I protest? Never. My host seemed delighted with the whole ghastly charade, and I was too much of a coward to point out the error of his ways. But where was the *menu de jour,* I reflected, *menu de la saison, menu gastronomique*, the *prix fixe* menu? It's true that they are to be found now, here and there, but not everwhere as they should be. There are really no excuses.

If Sonia Blech at Mijanou in Ebury Street can work wonders for £10.95, if Victor Sassie at the *Gay Hussar* can come up with a solid Hungarian feast for £9.00, if Nicholas Blackstock can introduce us to the wonders of Gascony, or wherever, for £12.50, so can they all. It may not be necessary to go as far as the no-choice menu that we came across in fashionable Clark's - although it should be a guarantee, as it is there, that the ingredients are fresh and that the cooking is to order.

But we should feel confident that what we are about to tuck into is what is actually good today, now, and not that we are being fobbed off with any old rubbish. Of course we, the customers, have a part to play in this great scheme of things if we are to persuade the catering industry to mend its ways. If we stop going back again and again to places where we are milked rather than fed, and patronise instead those places which construct their menus for our convenience, who treat us as fellow human beings rather than sources of revenue, then we may get somewhere. In the end, what we need to create is a great restaurant-going democracy. I suggest the *Government make it an* urgent matter of policy.



Food for thought

Peter Fort

Philippa Davenport is hooked on olives, preferably Provençale

Tapenade tea

AT THE AGE of 18 I thought olives were the ultimate chic, the crowning glory of 007-style vodka martinis that had been shaken, not stirred.

It was not until several years later that I graduated to eating olives and I did not become hooked on their taste until one Saturday in the market at Boulogne where I came across a stall devoted exclusively to olives.

There were olives from Italy, Greece and Spain as well as from France. They came in various shades of khaki and in colours ranging from violet bronze to inky black. Some were as small as boot buttons, some as large as dessert gooseberries. Most were whole, a few were stuffed: some were machine piped with a ribbon of red pepper paste, others were lovingly stuffed by hand with carefully curled anchovy fillets or blanched almonds.

The choice enchanted and slightly bewildered me. I hovered, watched other shoppers and decided to ask their advice and that of the stallholder.

I spoke first to an elderly man who hand-picked two dozen large golden-green olives, scrutinising each one as though it were a jewel. He confided that one had to be careful, said that these were the only sort suitable for his lunch and showed me the duck that was tucked under his arm. Other shoppers chipped in willingly with their own (often conflicting) francs-worth of advice.

One of the olives I tasted that morning seemed to me exceptionally good. It was tiny, as black as jet and came from Provence. It remains my favourite to this day and is my first choice for just about every olivey dish I serve - except of course when the special astringency of green olives is crucial.

It would be more correct, I suppose, to use olives from Spain for rabbit paella, Italian olives in polenta povera, pizza and vitello tonnato and Greek ones for taramasalata and stifados. But these earthy-sweet little olives from Provence seem just too delicious to reserve only for recipes such as pissaladiere, pain bagna and salade nicoise.

I rely for supplies on friends commissioned to bring me back a kilo or two from France (every *French market sells these tiny* Provencale olives but nowhere in Britain that I know of.) Sometimes I run out and have to shop for alternatives here. In major cities, a Greek grocer or other ethnic store is usually the best place to go.

Recently I was introduced to some Provencale olives which were new to me: medium-large, fleshy, green and black fruit deliciously aromatised with herbs. I don't rate them quite as highly as the baby black olives to which I am addicted but they are certainly among the best I have managed to buy in this country. The good news is that they are quite widely available.

Justin de Blanc has, in fact, been importing them for sale in his own shops for several years now. In the last few months the distribution network has been greatly expanded: I list below just a few of the stockists together with the names and telephone numbers of importers and distributors.

Larger olives win over my favourites when it comes to the irksome chore of stoning - and stone olives you must for such treats as olive butter and tapenade. Olive butter is no more and no less than chopped olives mashed into butter but I find it gives a wonderful lift to simple *foods* such as grilled chicken, baked potatoes and plain boiled pasta.

Tapenade is even more reassuring to have on hand. I keep it in the fridge in small screwtop jars, ready to dip into for six o'clock snacks, midnight feasts and other impromptu events. It is delicious simply spread on toasted slices of French bread to eat while you share a bottle of wine by the fireside. It makes a welcome addition to egg salad. And it is excellent beaten into mayonnaise together with a little stock to make a piquant coating sauce (rather like tonnato sauce) which can be spooned over slices over cold roast duck, chicken or the remains of a Christmas turkey.

To make the basic tapenade paste you simply whizz together in a blender some olives, capers, anchovy fillets, garlic, lemon juice and olive oil. Every cook uses different proportions. As a starting point I suggest you try 5 oz olives (weighed after stoning), 1½ oz thoroughly rinsed and dried capers, one small garlic clove, one anchovy fillet, one teaspoon lemon juice and two tablespoons olive oil.

One final thought, whatever olives I buy, whether sold loose, canned or in plastic pouches, I decant them when I get them home, rinse and dry them well if heavily brined, then pack them into jars and cover them with olive oil. Choose pretty jars if you want to make presents of the olives and add a few sprigs of thyme or some bay leaves if you like.

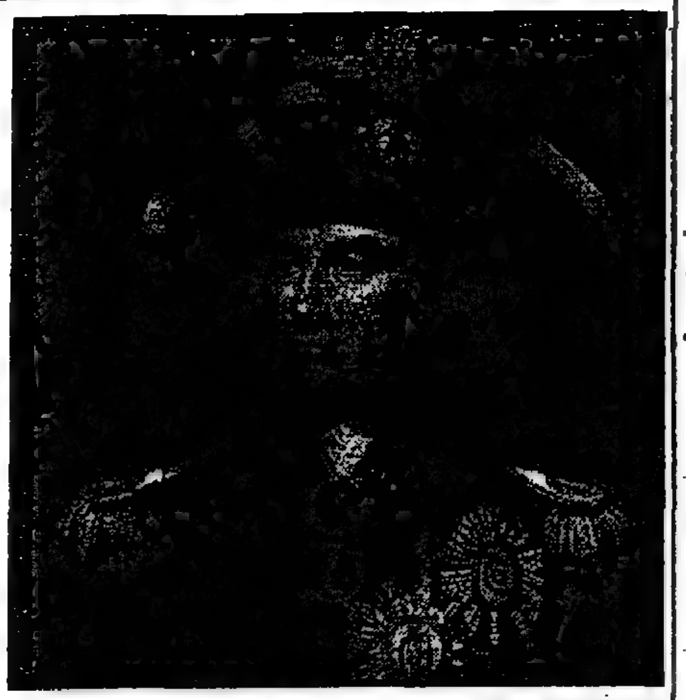
Importers: Justin de Blanc Provisions Limited 01 730 9831, Alan Porter Provisions (Yorkshire) 09012 2323, Well Street Stores Limited 0491 872367

Distributed by the above and by Charles Carey, The Oil Merchant, 01 602 7040

Stockists: Burnham Market, Humble Pie; Cranbrook, Perfect Partners; Cheltenham, Cavendish House; Edinburgh, Fraiche; Glasgow, Peckhams; Hay-on-Wye, Hay Whole Foods; Henley on Thames, The Granary; London, Harrods, Justin de Blanc shops, David King (Greengrocers) of Finchley Road, and the Village Delicatessen, W14; Macclesfield, The Good Food Shop; Marlborough, Mackintosh's; Monmouth, Irma Fingle Rock; Nottingham, The Whitwell Delicatessen; New Malden, Maxwell Delicatessen; Penrith; J & J Graham.

Justin Wintle on England's greatest naval legend

Top sea-dog has his day



Nelson, aged 43, when Vice-Admiral

HORATIO NELSON
by Tom Pocock. Bodley Head. £15.00, 364 pages

THE TURBULENT closing years of the 18th century were dominated by young men. Napoleon Bonaparte was just 30 when he became First Consul of the new French Republic. Wiliam Pitt was 24 when he first took office as Prime Minister. Horatio Nelson too was something of a prodigy. By 21 he was a post-captain.

Yet although his rapid promotion was fully justified by his subsequent exploits it was in large measure the product of nepotism. Sitting on the examining board at the Admiralty in April 1777 when he applied for his lieutenantship was an uncle, Captain Suckling, Comptroller of the Navy. Without Suckling's patronage the little midshipman's progress undoubtedly would have been delayed; and probably Nelson whose legendary impatience and disobedience are well-founded in fact, would have run himself aground long before his talents were properly noticed.

Paradoxically an inherently corrupt, albeit hidebound, system expedited the emergence of a hero at a time when hero was precisely what was wanted. Nelson's victories- at Aboukir Bay, Copenhagen and Trafalgar- were as necessary as they were inspired. Without them Naploeon could have realised his cherished ambition: his Grande Armee could have crossed the Channel and landed in Britain. As it was he failed to arrest command of the sea, and the way remained open for Wellington's military counter-attack.

But Nelson's achievement went even further. In thwarting Napoloen he also established Britain's maritime supremacy, and this guaranteed her status as a colonial and world power for the whole of the following century and beyond. Indeed it is not too much to say that were it not for Nelson Britain's recent involvement in such out of the way places as the Falkland Islands would have been strictly fictitious.

All of which poses a severe problem for would-be biographers. His story, understandably, has been told a thousand times, and never more dramatically than by Robert Southey. His Life of Nelson, published in 1813, set the pattern for all subsequent romantic biographies, and has always been a hard act to follow. The difficulty is that what Nelson did is almost too good to be true, and yet he did it. Also, he could not have chosen a better moment to die.

Even his excessive vanity, the only trait that seriously marred his public character, appears as a gambit, as an extension of the man's extraordinary derring-do, whichin turn was the mainspring of his success.

After nearly 200 years his unabashed heroism still forces itself upon us; and only latterday Jacobins, anarchists and dyed-in-the wool historical determinists can cavil with a straight face. To get at Nelson one is virtually obliged to cast aspersions on his relationship with Emma Hamilton. Yet from any reasonable point of view the affair was probably whatkept Nelson emotionally alive for his last great battles. Without Emma he might well have become a creature of the Admiralty, a strategist instead of a tactician.

Even so biographers continue to beaver away. Tom Pocock has more excuse than most. A former naval correspopndent with The Times he is a genuine Nelson enthusiast whose previous boks include The Young Nelson in the Americas. Now, in Horatio Nelson, Pocock attempts a study of the whole life.

Or rather a reconstitution of that life. The parabula that stretches from Nelson's birth in a Norfolk parsonage to his apotheosis at Trafalgar is painstakingly vivifeid in a steady flow of quotations from letters and other contemporarneous documents, some of them familar some of them not. But what distinguishes Pocock's approach is his refusal to separate Nelson into his component parts.

This technique makes for some ungainly writing in the opening few chapters. Pococock's paragraphs frequently change course mid-way through, and his copy editor is conspicuously absent. Weather this clumsiness however and the reader is in for a treat. From the Battle of Cape St. Vincent onwards Pocock comes into his own. All Nelson's passions- combat, King and Country, Emma- are continuously present, run together like bicycles in a team race.

And this surely is appropriate. In the last few hours before Trafalgar Nelson found time to compose a final epistle to the woman he loved as well as a prayer to the God he always believed in. He was a busy man, and is effectively served by this busy book. Pocock leaves the details of the battles and their historic significance to other authors. Instead he gives us a portrait that in the best sense is intimate.

Maiden aunt who made good

JANE AUSTEN: HER LIFE
by Park Honan. Weidenfeld & Nicolson. £16.95, 452 pages

IT WOULD take the pen of Jane Austen to turn Jane Austen into a satisfying heroine. As Park Honan (Professor of English and American Literature at the University of Leeds) admits "she was a very private person" whose happiness was based on a close family life from which she never felt tempted to stray.

Jane Austen did accept a proposal of marriage once, just before she became 27, but Harris Withers was more a family friend than a lover and, even so, she retracted her acceptance the following morning. Jane's closest relationship was with her sister, Cassandra whose betrothed was killed before they could be married.

When the sisters were parted, Jane and Cassandra wrote to each other. The words are well turned, caustic even; but the content hardly exciting. Here there are no passionate revelations of loneliness or frustration. There is talk of clergymen but not of religion, of brothers' activities in the navy but not of war, of parties in Bath or London but never of politics.

Jane's relatives fill every letter and chapter of this new biography until one is tempted to echo the words of the anonymous Book Critic's review of Sense and Sensibility, her first published novel: "the reader is somewhat bewildered among half-sisters, cousins and so forth..."

Park Honan has made great efforts to broaden his picture of the world Jane inhabited. The book opens with the imagined return of her brother Frank from the Navy's Royal Academy in Portsmouth. Frank fought at Trafalgar as Nelson's second-in command, married one of Jane's friends, and, in old age, became Admiral of the Fleet.

Another of her brothers, Charles, captained HMS Winchester. The navy was so important in Jane Austen's family that her affectionate portraits of hearty sea-captains are easily explained. On the other hand, it is disappointing that, knowing so much about naval life, she wrote about it hardly at all.

When Jane was living in Hampshire in 1810, Honan informs us that, "One in every six adult males were now at war by land or sea", with a high rate of death or injury. Her real world was concerned with dramas far beyond the Pump Room or the vicarage parlour.

It is pointless to criticise our greatest social satirist because she did not use the wider material at her disposal. But this biography does lead one to conclude that she sadly lacked the confidence necessary to tackle larger themes- or to tackle the world outside the family circle. This may have been due to the low regard for her work, if not for her charming self, within the family. It was her brother James, poet and clergyman, who filled the role of the artist. James disliked his sister's novels and even in the poem he wrote to commemorate her after her death commented that "literary taste/ In woman's mind is much misplaced..."

The most fascinating character to emerge from Honan's biography is Eliza de Feuillide who was Jane's first cousin and eventually married her somewhat wild younger brother, Henry (Oxford, the navy, banking, bankruptcy, and Holy Orders).

Eliza was probably the illegitimate daughter of Warren Hastings when Governor General of Bengal. She lived in Paris, married a count, had a son called Hastings, saw the start of the French Revolution and was happily in England when her husband who was living with his mistress, had his head chopped off.

Eliza entered the Austen household like a meteor, starred in theatricals, made all the men fall in love with her, and wrote such brilliant letters to the women they adored her too. In Eliza's London drawing-room Jane was merely noted as "a pleasant-looking young woman".

Despite Mr Honan's encyclopaedic wealth of knowledge, his heroine remains a shadowy figure, the conventions of the period too strongly present in her nature to reveal the passions within- if indeed they existed. Her self-possession remained unruffled even on the death of her father: "The Serenity of the Corpse is most delightful," she writes.

The background is then what is most satisfying in this book. When Mrs Leigh Perrot (a respectable relation of the Austens) is arrested in Bath and accused of stealing some lace, Honan notes that in the same Somerset assizes in which she was tried, five men were sentenced to death, including a burglar aged 15. One French visitor to London records that the capital is not only filled with music but also with a heavy disgusting soot.

The most sympathetic detail we learn about Jane is a list of her favourite piano-pieces and songs. She liked Haydn and Mozart but especially enjoyed military marches and tender love songs. These "relieved and delighted her, even soppy ones." It seems she was a romantic who never dared to experience true love except in the person of Elizabeth Bennet, Emma Woodhouse or Anne Elliot and between the covers of what were known in their day as "interesting novels."

Rachel Billington

Lost along the road to Timbuctoo

LAING
by Ann Schlee. Macmillan. £10.95, 302 pages

THE CLOTHES IN THE WARDROBE
by Alice Thomas Ellis. Duckworth. £9.95,140 pages

BELOVED
by Toni Morrison. Chatto and Windus. £11.95, 276 pages

THE REMAKE
by Clive James. Jonathan Cape. £10.95, 223 pages

FORCES OF adventure and change, metaphors of spiritual development, journeys have been the stuff of fiction since the days of Homer. Laing is outwardly more adventurous than Ann Schlee's first novel, Rhine Journey, though its inner life goes along strongly with the outer action.

Son of an Edinburgh schoolmaster, poor, without patronage or the obvious charm to attract it, Alexander Laing sails into Tripoli determined to set off next day for Timbuctoo, the first European to get there and open up trade- routes. Ninety days is what he calculates is needed. But from the first evening of family entertainment and dancing everything conspires to delay him. This resuscitation of an old sad tale is an extraordinary account of almost unsurvivable hardships. The writing, like the story has a happy knack of seeming very plain while being, in fact complex and many-layered. The style makes reading it a constant pleasure, full of small surprises produced without self- consciousness or even, it would seem, effort; surprises at its skill in apparent simplicity and in psychcologically satisfying moments.

Alice Thomas Ellis's The Clothes in the Wardrobe is minimalist art- much made out of little. Short and spare, it nonetheless packs two or even three plots closely together. Nineteen-year- old Margaret back home in despair after a lost love and her first experience of violence, beauty and sensuality in Egypt, is somehow persuaded into an engagement with a London suburban neighbour her mother's age, the odious Syl whom she and everyone else dislikes.

Exuberance triumphs over gloom, comedy over the basic mood of despair, idiosyncrasy over ordinariness in a story of everyday awfulness at once a very recognisable and very funny; mood and style perfectly matched, neither happy nor wretched but a mixture of both.

Toni Morrison's Beloved is in a kind of patois; the characters' talk used not just in dialogue but also for the narrative. Americans novels often use vernacular language.

It is set in the American South in a time and place used so closely and personally that things like the Civil War (though the story straddles it) scarcely come into it. In the background is Sweet Home, an estate where blacks were treated (its owners felt) humanely. From there, as the years pass the blacks scatter, there are reunions, family connections renewed; there is a deep love in families between mothers and daughters, even in-laws. Sometimes a kind of poetry is generated, but mainly the story is monotonously stylised; the strength of the novel lies in its conviction of its own interests and importance.

Clive James's The Remake is a romp in which (as with Beloved,though for very different reasons) you need to know the ropes. Its references are so specialised that when you catch one you wonder how many others you may have missed. A man called Clive James ("a flaky writer of some sort") keeps appearing as party bore, old school chum, jogger, social commentator. *Girls called Di and Fergie* serve party meals. Almost anyone whose name is frequently in the media puts in an appearance slightly askew. Sex is everywhere, often kinky. The book is instantly funny but instantly forgettable too.

Isabel Quigly

Jackie Wullschlager looks at the life of a Parisian guru

Yesterday's Left Bank hero

Sartre in his favourite Parisian setting

SARTRE: A LIFE
by Annie Cohen-Solal. Heinemann £17.95, 591 pages

AS IF there could possibly be true stories, Roquentin, sickened hero of Sartre's novel La Nausee, thinks as he abandons the biography he has been trying to write. As if it matters, says Sartre 30 years on, cheerfully embellishing his biography of Flaubert with "a certain dosage of fiction" , wilfully inventing a version of his early life in his own autobiography Les Mots which made his mother scream: "Poulou hasn't understood a thing about his childhood".

Reading Annie Cohen-Solal's immensely detailed, slavishly accurate and most respectful biography, I could not help wishing that she had adopted a little of her subject's cavalier attitude to the ground rules of evidence.

In impeccable chronology, 600 pages of facts are here, backed up by Sartre's writing and by interviews with his contemporaries round the world. A mistress to whom Sartre proposed marriage has been tracked down in America, the naval career of the father who failed to arouse his son's curiosity has been researched, every visit abroad has been recorded.

What is missing is precisely the theme that makes the autobiographical The Words so gripping and passionate. Like a whirlpool, Sartre sucks every detail back to himself, never letting go for an instant of his obsession: what were the ingredients, cultural and personal, that turned young Poulou into the writer; what in fact made Sartre Sartre?

What, moreover, one wants to know from a full-scale biography like this, turned the novelist and philosopher into the political activist, and how far was his honesty- his famous devotion to freedom, to "authenticity"- jeopardised by his Marxist commitments or, indeed, by his later belief that, with some stretch of the creative imagination, truth is attainable "every man utterly knowable"?

Clutching at the straws of a subjective consciousness which he elevated to dogmatism did not do Sartre's reputation as a philosopher much good, and in this country at least he is best remembered for his literary achievements. The existential ramblings of his marvellous Absurdist classic La Nausee still awaken a shock of recognition, while plays like Huis Clos helped carve out a new role for drama in post-war Europe.

This was Sartre's moment, and it came after years in the literary wilderness. Cohen-Solal is excellent on the festering disillusion of the "rowdy, greedy Normalien" who throughout the 1930s had to sit back and watch his friends getting published and applauded. But suddenly his optimistic creed of freedom-and-responsibility proved irresistible to war-torn, guilt-ridden France.

If Sartre became the high priest of an intellectual cult, magnet to the young and politically untainted for a while, "the pleasure of calling everybody else a bourgeois", as Cohen-Solal says, soon exacted its forfeit.

On the personal price to be paid, Cohen -Solal is exhaustive; she gives finely balanced accounts of the quarrels with Merlau-Ponty and Camus ("probably the last good friend I had") in the 1950s, and shows that Sartre behaved with dignity and integrity in refusing the Nobel Prize in 1964.

On the political and philosophical *repercussions*, though, she misses the issue. After half a century's devotion to literature, Sartre's volte-face on the relative values of art and politics- "In front of a dying child, La Nausee has no weight"- left him with all the fanaticsm of the newly converted.

Profound intellectual contradictions, or over-emotional responses? Writing remained the privileged activity, but Sartre was increasingly writing *against* something- mostly the "bad faith" of the bourgeosie- and this at times seems to have clouded his judgment.

"Philosophy had always occupied first place in the hierarchy of Sartrean values", insists Cohen-Solal, but she makes no attempt to show how it co-existed with the torrent of political activity which occupied Sartre's later years, and with which he cut such a colossal figure as France's "anti-ambassador".

Instead, she unrolls an almost *indigestible* catalogue of reactions in which Sartre's influential work as "political editorialist" and campaigner during the Algerian War, for example, ranks alongside his late love affair with Russia ("They really have no desire to leave their country... They have lots of things to do at home") and his naive broadcasts on his return from China ("Lack of professors? Never mind. Every Chinese who knows how to read will teach it to another Chinese").

Cohen-Solal is a thorough researcher and an impartial witness, but she tends to accept wholesale Sartre's own perspective on life. Re-cycled, this can produce some staggeringly bland results, not just in the political arena (his Soviet aberrations are simply "kindness" to his hosts) but, equally misleadingly, in the sexual field.

The effects of Sartre's "open and unlimited harem" on the women who passed through it are not discussed and Cohen-Solal like Sartre, uses his transparency in sexual mastters as as blanket excuse. "With all that Sartre tells her, she really has no reason to complain", she says glibly, after quoting a particularly *detailed bulletin* to Sartre's long-term lover Simone de Beauvoir about a night he had just spent with a mistress.

In his biographical writings on Baudelaire, Genet, and Flaubert, Sartre was rigorous in scrutinising his subjects on his, rather than their, terms, thus exploring new critical ground. The alternative is to state, as Cohen-Solal has done most competently, the broad chronology of a life; more accurate perhaps but not drawing you any nearer to understanding the man.

Fiction

Little Ilyich to Big Brother

Human side of Lenin, hero of a new novel

LENIN THE NOVEL
by Alan Brien. Secker & Warburg. £11.95, 703 pages

ALMOST EXACTLY 70 years ago, Lenin stage-managed the Great October Revolution. Now along comes another bombshell -a 700-page biography of Lenin in fictional form. This is not,of course, the first attempt to portray Lenin in the framework of a novel - one thinks, for example, of Solzhenitsyn's Lenin in Zurich. The task has also been undertaken innumerable times in the Soviet Union, not only in novels, but on stage and screen; although it has to be said that Soviet portrayals of the founding father almost invariably fall within the realm of hagiography, and totally fail to illuminate the real character of the man. Still, the sub-title - *The* Novel- does seem a bit presumptuous, as if Alan Brien had deliberately set out to supersede or forestall all other contenders. Perhaps that is not *quite* what he intended. In any case, much may be forgiven him: this portrait of Lenin in the round is a remarkable achievement.

It must have involved years of patient research to write it (as the dedication to his wife strongly implies) and the process clearly called for a symbiotic relationship (Alan Brien even bears a certain resemblance to his hero) but he had a brilliant inspiration at the very outset. The novel is cast in the form of an imaginary diary kept by Lenin from the day of his father's death in Simbirsk in mid-January 1886, when he was 16 to a final entry dated August 10 1923, when he was already the severely disabled victim of the massive stroke from which he died on January 21 1924.

It is a highly effective device, since it not only provides a faithful record of the major turning-points in Lenin's career, especially in the dramatic months between the two revolutions of March and October 1917, but also of his reactions and intimate reflections on those events, not all of which are what one would expect them to be.

The crucial event of his early years was the execution of his brother, Alexander, for his part in a plot against the Tsar. For Lenin (or "Ilyich", the patronymic by which he was best known later among his comrades-in-arms), who was always devoted to his family, it was this disaster that set him on the road to becoming a professional revolutionary. It served to fashion his natural resilience into a steely self-discipline.

Now he taught himself the arts of conspiracy and subterfuge, and used these, with superhuman patience, to pursue a single goal - the creation of a new social order. In his long years of waiting, he met many other revolutionaries or supporters of revolution - Plekhanov, the "father of Russian Marxism", Rosa Luxembourg, Parvus - but although he often admired them, they all fell short of his exacting standards.

Sometimes, although not often, he was grievously deceived, as in the case of Roman Malinovsky. He could inspire unswerving devotion in ordinary people, among the Petrograd workers and Finnish peasants who hid him when the Provisional Government put a price on his head. And he awoke a similar devotion in a number of women: in Nadya, his long-suffering wife, in Alexandra Kollontai, in Inessa Armand, with whom his prolonged love-affair is tenderly evoked in his imaginary diary (a relationship carefully avoided in official Soviet hagiography).

Paradoxically, his great strength as a leader emerged most clearly in periods of what looked like masterly inactivity: as he bided his time in exile, as he made his tactical retreat to Finland after the July clashes of 1917 in Petrograd, as he persuaded his Bolshevik supporters to annul a premature uprising.

He was doggedly loyal to proven comrades, Trotsky, Kamenev, Zinoviev, even when he disagreed with them, although towards the end he sensed Stalin's unhealthy appetite for power and tried to persuade the Party to demote him.

Lenin was equally implacable in his hatreds: he hated Kerensky ("the other lawyer from Simbirsk") and Kornilov and the White Army generals; he hated Churchill and the Western interventionists; he hated God and the Tsar. His last hatred is perhaps the most understandable. He did not order the execution of the Tsar and his family at Ekaterinburg, but gave his unreserved approval when he learnt of it; and there is a tell-tale *diary* entry in which Sverdlov announces the news to the Council of People's Commissars and Lenin notes that all were moved to some degree:

The Tsar has a hiding-place in almost every Russian soul.They have been brought up with the Little Father's eye on them from morning to night. Despite what their reason tells them, deep down....they cherish childish feelings of awe and loyalty. After all, even our tough, rude, crude Joseph Visarionovich confessed to me once that he often has dreams of the Tsarina cradling him in her arms, and suckling him, like a babe. My own roots were torn out, and the wound cauterised, when Sasha was hanged.

"Great October", as Russians call it, was the triumph of one-man's inflexible will. It failed to achieve all that Lenin had initially hoped for. It did not start the expected chain reaction to a worldwide revolution, although it did spawn a host of satellite Communist Parties.

Inside the Soviet Union it also spawned a number of disagreeable phenomena which led to a top-heavy bureaucracy, to the rise of Stalin and the Cult of Personality, to cultural commissars imposing the deadening dogmas of Socialist Realism -and to the Gulag.

Erik de Manny

Factory for art fakes

UNMASKING THE FORGER: THE DOSSENA DECEPTION
by David Sox. Unwin Hyman. £12.95, 224 pages

LAST MONTH the Getty Museum in Malibu, California, withdrew from public view two of its collection of classical antiquities, a Greek head and an archaic frieze. The probability is that they are forgeries. This suggests excellent timing for David Sox's book on the greatest 20th century forger Alceo Dossena, whose output- classical, medieval, Renaissance, and in marble, bronze and terracotta- had found its way effortlessly into the American museums of the 1920s as the real thing. Sox just manages to stop himself from attributing a doubtful Greek kouros (a nude youth) in the Getty to Dossena.

Sadly for Sox his researches into Dossena, initially for a BBC Timewatch programme about the sculptor, are hardly worth much paper when set against the revelations in Colin Simpson's recent book of the corrupt relationship between the two leading figures in the early 20th century art world, the historian Bernard Berenson and the dealer Joe Duveen. Sox tries vainly to cope with Simpson's findings in an appendix but only manages to look like a man who is searching for change in the wrong pocket.

Dossena, like many other master forgers, was quite happy to claim the credit when his work was rumbled by the experts in the late 1920s. Sox is picking over some very cold morsels and even his interview with the sculptor's illegitimate son produces no new facts. Sox did manage to embarrass the St Louis Museum about its "Diana", which is probably by Dossena, but, for lack of new findings, fills his space with a discursive tour of forgers down the ages, with some odd dashes down byways.

He is right is saying that little has been written about the work of the forger and certainly there cannot be a major art gallery which is not giving house room to frauds. The scientific experts in the backrooms of museums should be let loose on the front of house art works with their modern tests. It will cause maximum confusion, but better one fumigation than the series of sensationalised reports on individual items which make the curators of our national treasure houses looks such fools.

Antony Thorncroft

Business Books

Richard Lambert, a few days after the anniversary of the Big Bang, looks at a new book on the City of London

After the gnomes of Zurich

CITY WITHIN A STATE
by Anthony Hilton.I.B Tauris, 199 pages.

THE CITY of London, along with other financial centres, is not going to win any popularity polls in the next few months.Market crashes are invariably followed by a period of recrimination, in which the word "stockbroker" becomes a term of abuse.

Anthony Hilton has cleverly anticipated this trend in his new book. His thesis is that the City is a self-interested, class-ridden oligarchy, which exerts enormous and more or less uncontrolled influence over Government, and which is layered through and through with dishonesty.

So far, so good. There are serious questions to be asked about the role of Britain's financial community, and it is certainly possible to make an argument that its strength has to some extent been achieved at the expense of the broader economy. The trouble is that in presenting this case, Hilton has evidently decided not to spoil a good story with facts.

His style is breathless and unsubtle: we learn, for instance, that one unnamed broker- "the son of a peer"- organised pornographic movies to attract business, and that financial journalists can be bought for the price of a ticket to the Miss World contest. However, he only rarely supports his allegations with actual cases. For instance, he claims that fund managers as a matter of routine manipulate valuations so as to inflate their fees and their funds' performance. If true, this would be a great scandal and a wonderful scoop. *But is it?*

There are other shortcomings, of a more fundamental kind. On the one hand, the City is presented as being corrupt and inefficient, a community which in 1983 found itself forced to undo eighty years of ossification and studied indolence. Yet elsewhere the book highlights its emergence as world leader in the markets for international banking, international bond trading, and foreign exchange trading – areas of ferocious competition and high risk.

Again, the book argues that the City has prospered by cheating its customers, especially in manufacturing industry- and yet it concludes that "it would be a *national loss of major proportions* if the City were now to fail to hold its own on the world stage through a failure of national will".

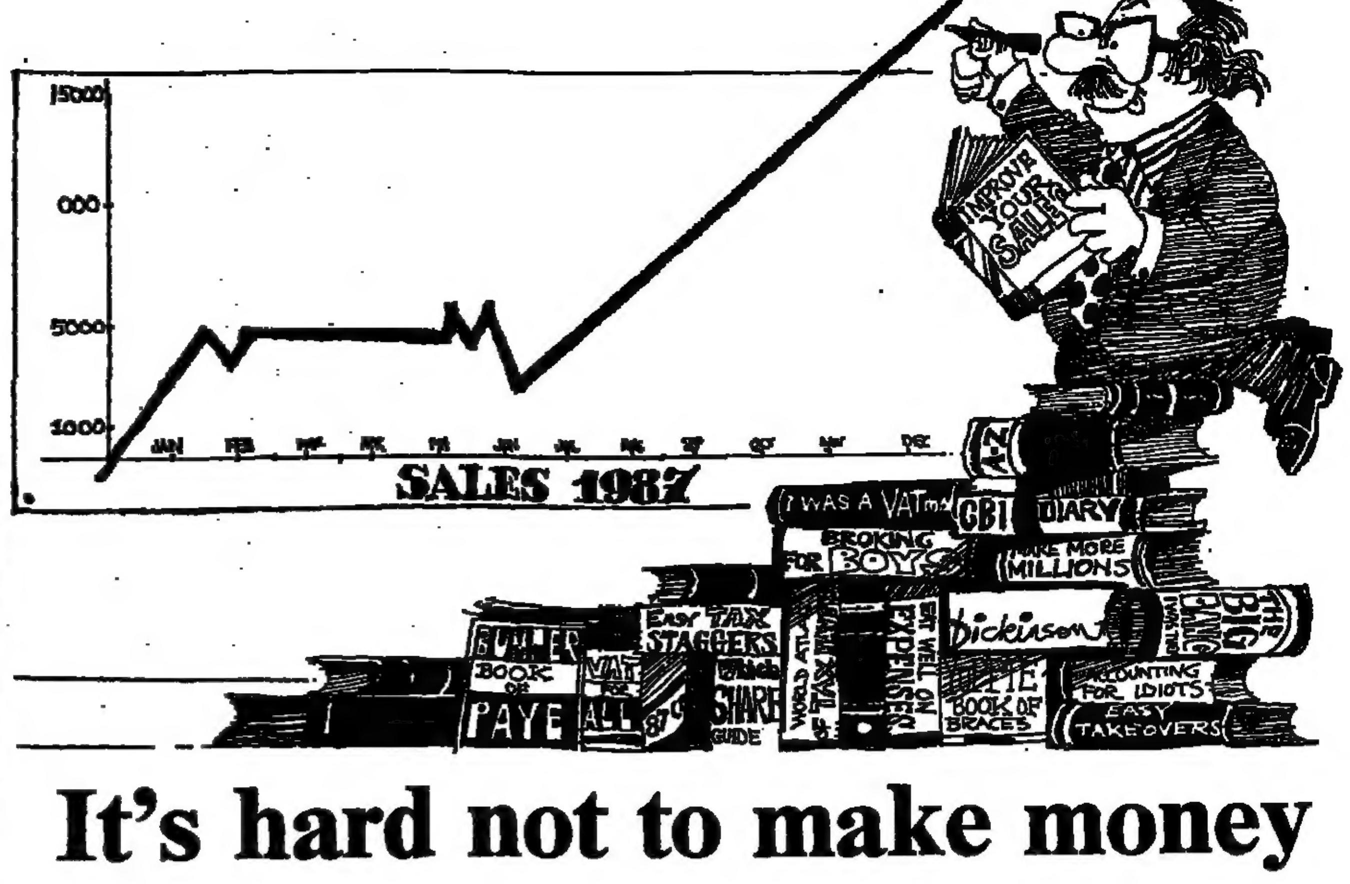
On this evidence, it would be better to shut the place down altogether. The book raises questions, but provides few answers.

It is true that Britain's financial firms have been permitted considerable regulatory freedom over the years. This has allowed them to operate as cartels and overcharge their customers: it has also enabled them to build a position in the world which is out of proportion to the size of the economy.

The present change of climate started well before Big Bang – before even the removal of exchange controls in 1979. One reason was the growth of international competition, especially in insurance and commercial banking. Another has been the changing priorities of the regulators. For example, the emphasis at the Bank of England has shifted a long way from the days when it was keen for more or less anyone to set up shop in London. Prudential controls now matter *much more*.

Meanwhile, the City's political influence, which was never very great, has diminished. When Governments have huge deficits to finance, they have to pay some attention to what Dennis Healey used to call the young men who write brokers' circulars. Otherwise, their natural inclination is to hold them in low regard. The gnomes of Zurich lost their magic years ago.

Some of the cartels remain in business. Conflicts of interest have multiplied, as different organisations have grouped together under common ownership. The new regulatory organisations have yet to be tested in practice. Lots of things can, and probably will, go wrong. But in the end, the irritating thing about Mr Hilton's book is that it makes the reviewer feel like the *Lord Mayor of London.*



It's hard not to make money

THE BANKER'S LIFE
by George S. Moore.Norton, 328pp. £14.95

PEOPLE IN the banking business find Citicorp - or the First National City Bank of New York - an *infuriating institution*. Restless, rough and grabbing, but also breathtakingly bold, it often seems more like a gang of cowboys than the sort of place where you would leave your money.

That image may have begun to mellow now, but it owes a lot to Mr George Moore, the hard-driving Missourian who headed it during its great growth days of the 1960s. These are his memoirs, covering the US banking industry from shortly before the Great Depression up till the time he withdrew from active banking in the 1970s (though now well into his eighties, he still roams the world, and even founded a new bank in Gibraltar last year).

In best Citicorp tradition, his book is both fascinating and infuriating - and written with great style with the help of Martin Mayer, a seasoned banking author. Mr Moore is not a modest man - he would be the first to admit it. There are times, reading this, when one wonders where the US banking industry would be today but for Mr Moore's go-getting, no-nonsense, bang-their-heads-together style. But that makes a refreshing change from banking books by people awed by the imagined mysteries of their profession.

Mr Moore is quite blunt on that particular subject. "If you're not actually stupid or dishonest it's hard not to make money in banking," he says. A head for numbers, a good memory, and the skills of an analyst and salesman is all it takes. One of the things he made all his trainees do was study the dossiers on the *20 or 30 worst lending mistakes* Citicorp had ever made. He even hints that Citicorp got tipped into the Third World debt crisis because this practice was discontinued after he left.

As a complete outsider to the New York banking establishment, Mr Moore was able to take a different approach. Born in the Mid-West in the same town as Mark Twain, he managed to get to Yale where he spent more of his time wheeling and dealing than studying, and then landed a job with one of Citicorp's predecessor banks.

The picture of US banking which he paints in pre-war days is strikingly primitive, largely because of the constraints of the US' tough banking laws. The young Moore, as a lending officer, used to go on regular fortnightly swings through the Mid-West where Citicorp was not allowed to have branches. Even in New York in those days, his bank could only open its doors in the City itself, and not the surrounding counties.

The Great Crash of 1929 plunged him into crisis management from which he drew this lesson: "Never rub 'em out unless there's absolutely no other way. Recognise that you cannot get blood out of a turnip, take the losses you have to take, then nurture the little plant that's left and make it grow."

There is a revealing passage on Congress' hearings on the new 1933 banking act which was later to become known as Glass-Steagall. This piece of legislation forced banks out of the investment business, on the presumption that they had contributed to the depression by lending money *to prop up the companies* they owned. Mr Moore reveals that his bank thought this was a good idea - a surprising position given the vigour with which his own bank assails the constraints of Glass-Steagall today.

Give the events of the last few weeks, his concluding - and typically upbeat - words bear quoting: "I have seen three generations of fat cats disappear, and I know that individuals and even nations have no grounds for complacency. But growth is as certain as change. The world will offer new opportunities to entrepreneurs who are lucky and smart - but in any event brave. I know that the best is to come."

The banker rides off into the sunset.

David Lascelles

The mood of the souks

THE PROSPECT FOR GOLD; THE VIEW TO THE YEAR 2,000
by Timothy Green. Rosendale Press, £16.95.

HAS THE glister of gold in the investment world changed? Historically gold has been a safe haven against disasters; a tangible store of wealth, acceptable everywhere, that will provide protection against the drop in the value of more peripheral assets.

But the recent failure of the gold price to be stirred much by the spectacular fall in the stock markets and the decline in the value of the dollar, has raised further doubts about whether gold's historical role is no longer what it was.

So Timothy Green's book on the prospect for gold could hardly have been better timed for investors wondering whether they should turn to gold to protect their money.

As an added bonus, unlike most other similar books on specialist subjects, it is a very up to date. The statistics quoted go right up to May of this year and the writing is very topical as well. One chapter, for example, is entitled "Gorbachev goes for gold" and the comprehensive review of production plans worldwide are bang up to date.

Green, a journalist with something of an obsession for gold(he has already written two books on the metal) obviously knows the gold mining industry backwards. So the book is invaluable for those "bugs" interested in tracing the new sources of supply springing up all over the world, gradually diminishing the dominant role of South African mines. There is what he calls "a new era" transforming the mining side of the gold industry and the book explains in great detail just what is happening in different parts of the world providing investors in mining companies with a wealth of information.

However Green appears less confident and knowledgeable when dealing with the demand side for gold and, in particular, the marketing forces. There is a special chapter on the fabricators and jewellery, but it jumps around in a confused way.

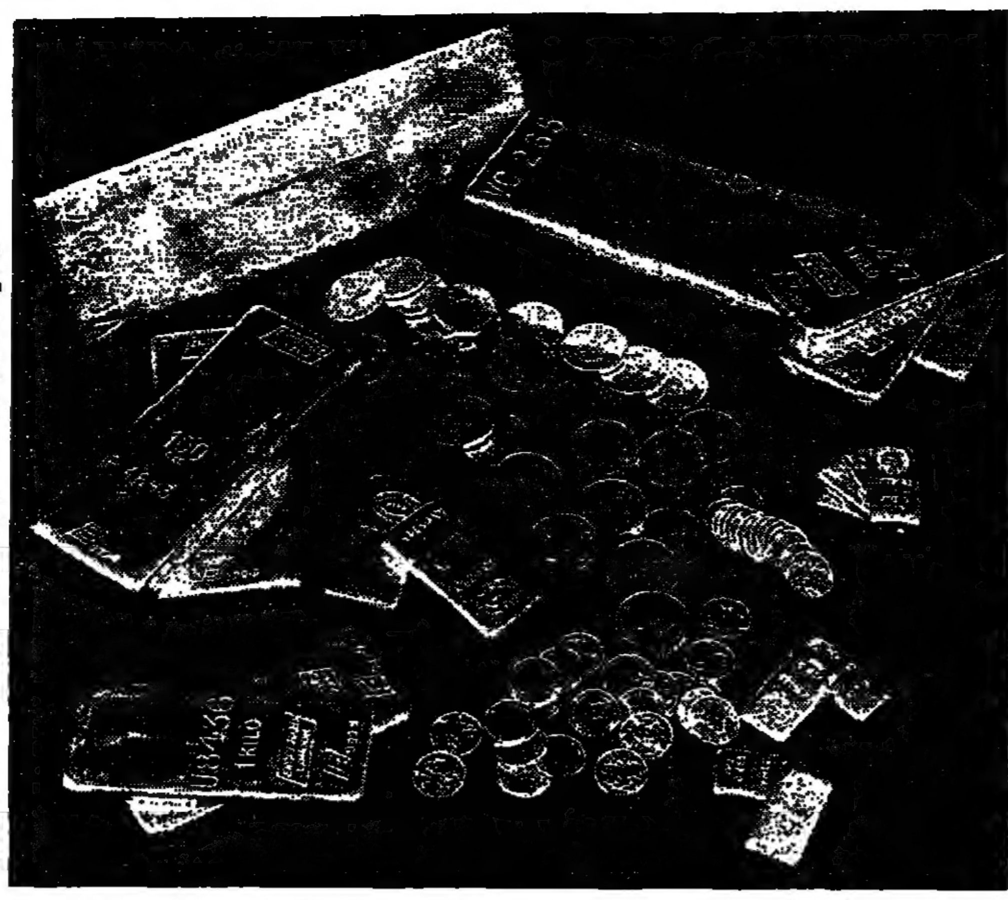
Even less convincing are the chapters dealing with the monetary and speculative forces at work in the gold markets. Green freely admits that he approaches the subject as a journalist, and not as an economist. He presents all kinds of possible scenarios, quoted from a variety of sources, but doesn't seem to draw any positive conclusions.

He flirts with the idea that the volatile price movements in recent years, since the fixed controlled pricing was abandoned, has turned gold into just another commodity, subject to supply-demand fundamentals rather than monetary influences. Certainly it is difficult to use something which fluctuates wildly in value as the common denominator on which to base the value of currencies. But not discussed, for example, is the theory that gold is no longer linked to the U.S. dollar but instead these days is much more influenced by the movements in the Japanese yen or Deutschmarks—the new reserve currencies.

If gold is to be viewed primarily as a commodity, then its price prospects are very poor with production surging ahead while demand is stagnant unless investors can be persuaded that gold is worthwhile holding.

In the end, Green tamely concludes that the only guide to future price movements is to watch "the mood of the souks"—the markets in Middle East, Africa, Indian sub-continent and South East Asia who still view gold in its historical role as a store of wealth.

John Edwards



Marx and Smith's

FIELD OF SOCIAL INVESTMENT
by Severyn Bruyn, Cambridge University Press, 304 pages

THIS IS a timely moment to publish a hefty critique of the financial system, and this book as its ponderous academic title suggests, is no instant onslaught on the bastions of capitalism. It is a curious attempt to marry Adam Smith and Karl Marx through judicious nudging of pension fund investment priorities.

Professor Bruyn's main concern is to establish "new structures of social accountability in keeping with economic efficiency that guide the private firm to function increasingly in the public interest without government controls." The aim is hardly original, indeed it is the Nirvana of the pre-Thatcher political economy, the programme of the Butskellite consensus transcending the contradictions and iniquities of capitalism without recourse to socialist or statist means. That it has not worked very long - outside the dynamic corporatism of Germany and Japan - is history.

Part of the problem that this book attempts to address stems from that older tradition of economic thought which advocates a free market in goods and and services but wishes to interfere with that in capital (and labour) to contain the cyclical means produced by the aggregation of individual self-interests. But answers to the question of who should direct capital in the absence of the market have rarely been satisfactory. Keynes merely asserted vaguely: "A somewhat comprehensive socialisation of investment will prove the only means of securing an approximation of full employment."

In several countries, the state has tried, rather clumsily, to rectify market failure in capital accumulation and allocation. The "pension fund socialists", who began to notice the potential political impact of the growth of institutional savings in the 1960s and 1970s assumed that this would make state intervention much easier and more effective, or even unnecessary.

But the assumed short-term policy of the individual investor has not been replaced by financial institutions behaving like western equivalents of the Industrial Bank of Japan. In spite of their 30-year horizons, pension funds have not become stabilising influences in the capital markets, nor have they excelled at venture capital. Arguably, the collectivisation of savings and the subsequent development of portfolio insurance, programme trading and the escalation of trading voulumes have been economically inefficient in rising markets and contributed to the sharpness of the recent fall:

The last few weeks have underlined how individual decisions of fund managers can affect the balance of the whole economy - arguments for for the re-regulation of finance and some state control of the sector are pertinent. But this is not the author's interest. He maintains instead:"The corporate economy is evolving a social foundation to govern itself independently of outside controls, but the foundation has only begun to develop and is not yet stable."

In other words, de-regulation has thrown its own form of socially-responsible self-regulation among the corporate stakeholders - investors, managers, labour and consumers. This means that Methodist ethical investors, job-preserving trade union pension fund trustees, the churches and the unmiversities are the new vanguard of capitalism.

It is an interesting idea. Unfortunately, it is unattractively expressed. The book is portentous and poorly edited. Much of it is written in American sociologese and weighed down with academic empire building. There are plenty of contradictions, too. The importance of a good return (even a superior one) is emphasised at some points, then suddenly the author will admit that investors forego a little for the benefit of a more stable system.

Although the state is pushed aside in theory, it is called on to trigger various kinds of community investment and to underwrite pension fund venture capital. There is insufficient discussion of the dangers of investment parochialism - for example, steelworker pension funds wanting to invest in declining industries.

But perhaps most off-putting of all is the way the "social investment movement" is presented like some religious sect due to take over the world. Wishful thinking?

David Goodhart

A jaundiced eye's view

MEGALOMANIA, MANAGERS AND MERGERS
by John Roberts, Pitman, £8.95, 146 pages

IF THE Guinness scandal has achieved nothing else, it has at least injected a very healthy dose of scepticism into discussions about the merits of great 1980s takeover wave. The fast-moving, acquisitive managers who only 18 months ago were lauded uncritically in the business press, and could do little wrong in the eyes of brokers' analysts, are now looked on with a much more jaundiced eye.

The Guinness affair is a major factor behind this, but there are others: some of the big takeover deals put together with such enthusiasm are now starting to fall apart, notably the two-year marriage between Asda, the supermarkets chain, and MFI, the furniture retailer. And many deals, such as the tie up between British Home Stores and Habitat-Mothercare, have yet to produce the kind of financial progress that really justifies a merger. Furthermore, October's market crash has prompted investors to look far more warily on go-go takeover artists brandishing handfuls of paper.

This change of mood is neatly captured by Roberts, a financial journalist who has had more than 30 years' experience of the rise and fall of both companies and fashionable business theories. This has left him highly dubious as to the benefits of most takeovers, many of which, he argues, are planned with a "great deal of muddled mediocrity. The selection of a merger partner or takeover target is rarely the result of a rational management process."

This is a message likely to strike a responsive chord in his target audience. The book, he tells us, is designed to advise middle managers, who might find their companies involved in bids, just how a takeover occurs and its implications for them.

And he proceeds to sketch out in simple layman's language some of the (inconclusive) academic evidence for and against bids, the role of the Government and City institutions, and the motives and tactics of both bidders and defending companies.

Some of the more interesting passages are those that draw on Roberts' long experience: the origins of the Takeover Panel, the battle for the News of the World, the history of the Industrial Reorganisation Corporation, and the chastening saga of Imperial Group's disastrous acquisition of Howard Johnson. There are not many great revelations in all this, but the potted recapitulation of the facts is timely. So too is a reminder of the way company accounts are tarted up to present acquisitions in the best light.

At the same time, however, Roberts has an irritating tendency to leave arguments half finished, thoughts hanging in the air, creating the impression that this was a work written rather hastily. His examination of the Takeover Panel's role post-Guinness is long on fact and short on analysis. And while arguing (in company with the Labour Party) that the scales need to be tipped more in the defender's favour, he does not suggest how best to do this.

When he finally discusses the impact of bids on executives, he provides little more than some very bland and questionable generalisations about the vital role of middle managers, described as the "vital antibodies" to the disease of "megamerger megalomania." This is a rather superficial playing to the gallery, which is a pity, for the book does provide a useful (if uneven) introduction to the arcane world of the takeover.

Martin Dickson

BUSINESS BOOKS

• WEEKEND FT REPORT •

Risking the Far East markets

ASIAN STOCKMARKETS, THE INSIDE STORY
by Anthony Rowley, Dow-Jones Irwin. 290pp. $33.95.

THE GLAMOURISATION of Far Eastern stock markets has continued apace in the past couple of years, with mutual fund marketing men working overtime to invent something called the "Pacific Basin" and to hype various Tigers and Little Dragons (fringe markets, to you).

Anthony Rowley's book is therefore extremely valuable, for while it recognises the undoubted dynamism of many parts of South-East Asia, it also provides timely reminders of the risks. The stock markets of the Philippines, for example, once showed much promise, but turnover peaked in 1976 and economic and political problems have ensured that Manila has remained very much on the sidelines as far as the global equity market is concerned.

Almost all of the Far East markets have suffered their local crashes - Thailand in 1978-79, for instance, when Raja Finance failed, and Singapore in 1985 on the collapse of Pan-Electric Industries.

In Hong Kong there was the crisis of confidence over the Sino-British negotiations in 1982. And although a splendid recovery followed, now the international reputation of Hong Kong lies in tatters once again following the decision to close the market for four days last month.

The overwhelmingly dominant market of the Far East is, however, that of Japan, which in terms of equity market capitalisation is ten times bigger than all the other Asia-Pacific markets put together.

In all sorts of ways the Tokyo Stock Exchange still seems strange to Westerners. For example, the securities houses are allowed to push stocks in a way that is unfamiliar to foreigners,

Barry Riley looks at the world of Tigers and Dragons

so that ahead of an issue the price tends to rise, on the view that the stock will be ramped, rather than fall as it would in the West in anticipation of a glut of new paper.

Elsewhere there is mutual incomprehension over what is involved in "insider trading". The Japanese, not without cause, tend to think that the Americans are being hypocritical in this area.

But whatever the drawbacks of the Tokyo market, the fact is that many foreigners have made handsome profits there, which is more than can be said of markets in a lot of apparently more approachable countries.

After Japan, Anthony Rowley tackles South Korea and Taiwan before moving on to the much more familiar markets of Hong Kong and Singapore.

The order is logical from an economic standpoint, but arguably less so from the point of view of the international investor who is still barred from direct involvement in the Korean and Taiwanese stock exchanges.

The frustration of many foreign fund managers is acute, especially over South Korea, which is widely regarded as the next Japan. But the Koreans have preferred to finance themselves through debt, while the Taiwanese are notoriously insular.

Those dirt cheap Korean equities could remain out of reach for a while longer, for the violent shock waves of the latest global equity market crash are unlikely to encourage Seoul to accelerate the process of opening up. Mr. Rowley thinks that the Koreans are in fact in danger of playing too hard to get (although his book is inevitably already somewhat out of date in this particularly fast-changing area).

Readable chapters on the major markets are accompanied by practical summaries of trading methods, commission rates and taxes. This is a very useful introduction to Asian markets, big and small, though as the author frankly admits: "There is little to be said about Nepal's stock market."

Dial Plutarch, Homer and King Lear

THE CLASSIC TOUCH
by John K. Clemens and Douglas F. Mayer, Dow Jones-Irwin, 213 pages.

THE SUB-TITLE of this book is "Lessons in Leadership from Homer to Hemingway." It seems to suggest a whole new way of life for people in management. You're sitting at your desk with a big decision to make (do you make it now or delay it?) All you need to do is send out a secretary to the nearest public library for a copy of Plutarch's Lives (a translation presumably, because who wants to get involved in dead languages?).

The experience of Fabius with the Carthaginians shows en example of "when delay is the best decision." It was the delaying strategy of Fabius that saved Rome." So how do we apply this to management decisions in 1987? Well, take the case of A.H Robins, a small Virginia-based pharmaceutical company, famous for its pet foods such as Sergeant's Flea and Tick Collars, and non-prescription consumer products.

In 1970 the company rushed a contraceptive device onto the market without adequate testing and has paid out hundreds of millions of dollars in product liability claims leading to it filing for reorganisation under the Bankruptcy Act.

"A more Fabian strategy would have saved the company millions of dollars," say authors Clemens and Mayer. "It was Fabius' decision to go ploddingly rather than precipitately that saved Rome; it might have done the same at A.H.Robins. Fabius proved that in management, as in politics and war, "delay" does not have to be a dirty word."

And so we go on.The two authors, American academics, provide a lot of chuckles. If this is intended to be a funny book, it is very funny - and if it is intended to be serious it is still very funny. The Iliad is "a rich commentary on motivation and communication," King Lear a drama of succession, delegation and decentralisation and Arthur Miller's Death of a Salesman tells you all you need to know about "the care and feeding of a sales force."

It is a very enjoyable read. I'm not going to speculate whether it will aid managers to make deciobns, but if it encourages the new generation of yuppies to occasionally read a book (you hold it in one hand with glass of champagne in the other),then Homer, Plutarch, Shakespeare and Arthur Miller may not have lived in vain. But there are pitfalls. Many men have been passionately devoted to Shakespeare's Sonnets and still made a dog's breakfast of their love lives.

And calling on Fabius to further the cause of enlightened capitalism may be a double-edged sword. After all, the Fabian Society, trailblazers of deomcratic socialism, was named after him. He was the model for advocates of socialism by attrition, what the early Fabians termed "the inevitability of gradualness."

Alan Forrest


Conran and Maxwell: innovators

Instant City knowledge

THE INNOVATORS
By William Davis. Ebury Press. 396 pages. £12.95.
FROM ARBITRAGE TO ZERO SUM
by Susan Lee. Simon & Schuster. 224 pages. £12.95.
BREAKING THE JARGON
by Nicholas Enticknap. Reed Business Publishing for Computer Weekly. 48 pages. £8.95.

THE FORMULA book appears to be thriving in the business publishing world. The aim is to find a theme and present it in easily digestible morsels of a few paragraphs (or maybe a page or two) at a time. If the raw material can be derived from a computerised data base, so much the better.

Every year the indefatigable William Davis seems to crank out at least one volume for the business market. It is surprising that he can find the time - but perhaps he doesn't, for at the beginning of The Innovators he pays generous tribute to his researcher, his editor and "numerous people" who helped out.

This time he has struck a promising formula in choosing to profile a hundred or so innovators but he makes it too easy for himself by spreading his net across the whole world, and across the last 150 years. As a result the theme is diluted and the focus is hazy.

Is Robert Maxwell really an innovator or just good at deals? Wasn't Montague Burton (excluded) a more important retail innovator than Sir Terence Conran (included)? And who on earth was Andrew S. Hallidie?

On a rather more serious level Susan Lee sets out to provide "an A-Z of business and economics". The alphabetical formula is tempting to an author as a way of hanging together all kinds of disconnected thoughts but it has its drawbacks. Ms Lee is hard pushed to come up with an economic concept beginning with j (she can produce only "jawboning") and, forgiveably, ducks the letter x altogether.

Her emphasis is strange at times. Why does she devote three times as much space to "externality" as to investment? However, the items are crisply and simply written if you can find the one you want. I chose "black economy" at random but drew a blank.

Choose the phrase "relational database" and you will have rather better luck with Nicholas Enticknap's volume which is designed to demystify some of the computer jargon which threatens to destroy the English language.

Mr. Enticknap takes the reader all the way from fourth generation language ("one of a multitude of terms with no generally agreed meaning") to fifth generation computers ("still very much a research concept at the moment").

Unfortunately the author does not really simplify his answers enough. The book is said to be aimed at the average businessperson but it talks about "the number of source program statements required to achieve a given degree of functionality." And £8.95 seems a bit steep for 38 definitions.

Barry Riley

King Cotton's twilight

LANCASHIRE AND WHITEHALL
The Diary of Sir Raymond Streat, Manchester University Press, 2 vols. £75

"I IMAGINE historians of the future are going to have difficulty in dealing with the Rt. Hon. Clement Attlee, Prime Minister 1945-? Is he as insignificant as he seems? If not, whence comes his strength, when and how does he use it? If so, how can he remain at the helm in such dynamic times?"

This is Sir Raymond Streat, scribbling his diary in 1948 as he argued the case of the cotton industry with the first post-war Labour Government. He raised his misgivings about Attlee over dinner in Manchester with Labour Cabinet Minister Herbert Morrison, later Lord Morrison of Lambeth. "He said ponderously and gloomily:'Political chance is no new thing. There have been mnany curious instances of prime ministers. Baldwin was one. He was a very poor prime minister. Of course once they are in it is practically impossible that they should be moved.'

"Of course, he may be prejudiced by his own ambitions and Attlee may have virtues and strengths which Morrison may not fully acknowledge. Several people have told me is a fine committee chairman, lucid and sequential."

Anyone who lived through or has studied those Attlee years can see this is a pretty good piece of insight. Streat's diaries are full of these nuggets of Mancunian wisdom. They range from 1931 to 1957 and span the career of a frontline commander in King Cotton's last battle. Streat was secretary of Manchester Chamber of Commerce and chairman of the Cotton Board and with all the office work and the wheeling and dealing in smoke-filled rooms, it is a miracle he could produce enough words to fill two volumes, each of which nearly breaks your arms.

The two books should be invaluable as source material for future historians of the decline in Britain's great manufacturing industries. The title, putting Lancashire before Whitehall is obviously intended. We see that big business was not always confined to the City of London and that something important has died with monarchs such as King Cotton.,

Alan Forrest

WEEKEND FT

• SPORT •

Athletics/Brian Bollen

Britain seeks its Seoul mates

WITH THE next Olympic Games in Seoul, Korea, still almost a year away, athletes hoping to gain selection have already started their build up. Let us hope all in the sport have digested the lessons of this year's World Championships.

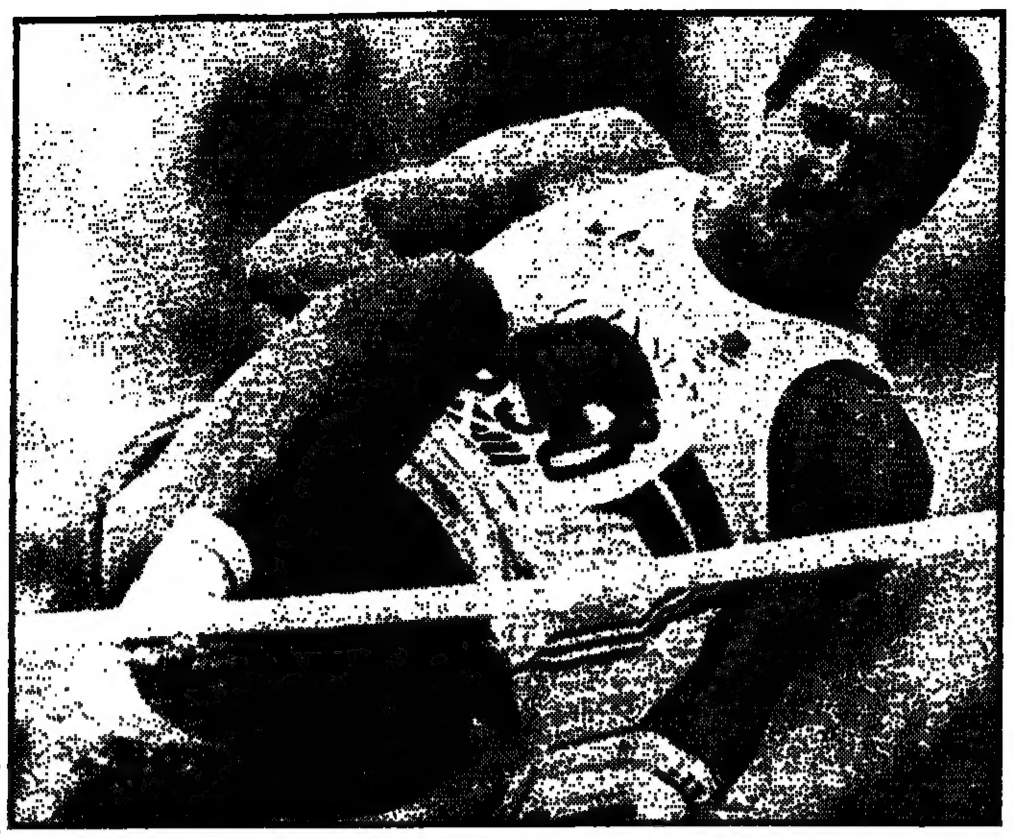
The British team was lambasted for its "failure" in Rome, even though the team finished fourth in the medals table, taking seven medals, beaten only by East Germany, Russia and the US. We came sixth in 1983, again with seven medals. So why the overwhelming sense of disappointment? The blunt truth is that the British succumbed to patriotic hype and built up certain athletes into clear cut favourites who only had to turn up to take the gold.

This lovely little fantasy ignored not only the return of the Africans to top flight competition after years of boycotts, but also problems like Steve Cram's loss of form over both 800m and 1500m, decathlete Daley Thompson's long-term injury problems, and the reluctance of 800m runner Tom McKean's coach to expose him to tough and regular competition with sharpening racing. In the 100m Linford Christie, thought our best hope for a sprinting medal, was blown away by the two fastest men in the world, Ben Johnson and Carl Lewis.

Johnson set a new world record of 9.83 seconds while Christie pulled a hamstring dipping for the line to finish fourth, forcing a withdrawal from the 200m. After setting a bizarre record for internal bickering, our men's 4 x 100m relay team was disqualified in the first heat, completing the sprinting ignominy.

But there were some bright spots. Javelin thrower Fatima Whitbread, her participation in doubt until the very last moment, won our only gold medal (which was, incidentally, our only field medal, and the only medal won by a British woman). Three 20-year-olds, John Regis, Jon Ridgeon and Colin Jackson gave a glimpse of their potential. Regis picked up a bronze in the 200m, missing out on the gold only because he dipped too soon. Ridgeon and Jackson finished second and third in the 110m hurdles.

The World Championships showed how hard it is in the world of truly open athletics to peak every year. British expectations were artificially inflated by the splendid performance at the European championships in Stuttgart in 1986, but the reaction to a harsh dose of reality has been overdone.



Daley Thompson, who suffered long injury problems in the run-up to the World Championships in Rome

According to Jack Buckner, who finished third in the 5000m in Rome, the decision to blame and change the selection system, under which a number of athletes were pre-selected on the strength of displays in Stuttgart, is wrong. "I think the selectors are making a big mistake," he says. "Everyone has hit upon the selection procedure as the reason we did badly in Rome. All through the 1980s pre-selection has proved very successful. Now people are talking about forgetting it.

"Being pre-selected takes the pressure off, and means an athlete can plan his programme for the major championships, enabling him to peak at the right time." David Bedford, who revived British athletics almost single-handedly in the 1970s as an exciting distance runner, and who is now chairman of the International Athletes Club, thinks differently. "Pre-election is a waste of time," he says. "As long as selection occurs at least six or seven weeks before a major championship, then the people who are ready and race fit can be picked."

Not surprisingly, up and coming athletes also say no to pre selection as they want to be able to compete for one of the three places. The proposed new selection policy is a refinement of the first past the post system used by the US. The first two places in any event would go automatically to first and second in the national championships, with third place to be filled at the selectors' discretion.

Buckner believes that Britain's prospects for Seoul are as healthy as for any previous Olympic Games. If the youngsters progress and the older hands come back, we should be in a good position. Can Cram and Thompson recover from the first real upsets of their careers? "I don't see why not," says Buckner. Added to this year's failure, Cram has got extra motivation; he hasn't won an Olympic gold medal. Maybe in the long term this year's failure will prove beneficial."

A crucial point is that the Olympics are very late in the year. "It was bad enough at the World Championships, but the Olympics start two weeks later," he says. "Individuals have to sort out their season. That is why I think re-selection is so important. When you start competing depends on the selection process. In the distance events, there is a real danger of overracing early in the year."

An important lesson Buckner feels we should learn from last season is to put the brake on the growth of non-championship events. "There are almost too many athletic meetings," he says. "A better way for a company to sponsor athletics might be for it to employ a few athletes part time, rather than stage yet another meet."This sounds like a good idea, but would it secure a sponsor as much publicity as a contrived "spectacular" on ITV?

The dangers of over-racing became apparent in Rome, with some athletes arriving exhausted. This must be avoided in the run up to Seoul. The East German policy of timing their national championships for a week or so before Rome, and selecting only potential medal winners, brought a near 50 per cent increase in medals won, from 22 in 1983 to 31 in 1987.

Racing in the Grand prix events and elsewhere on the European circuit is useful to gain experience, not to mention money. But athletes must be guided sensibly and learn to combine the need for experience and money with the need for a good build up and racing programme.

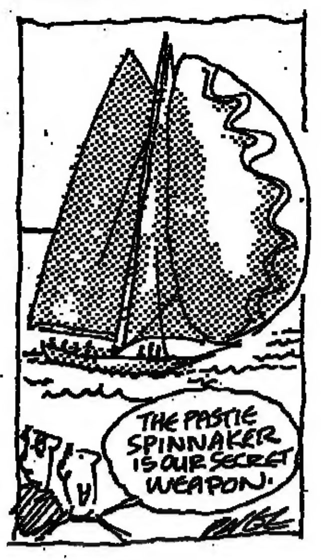
Another area that needs to be addressed is whether Britain should take up every place available in the major championships, or send only those deemed to have a fighting chance of a medal, as happened for Rome.

The IAC believes it is important for Britain to send a full team. "There must be other levels of achievement in the sport, not just gold medals and money," argues Bedford. "To have the opportunity to go to a sporting festival like the Olympic Games or World Championships is the high point of many athletic careers. If the system is too elitist it will destroy the whole framework of British athletics."

On predictions for the Olympics, Bedford picked a number of British athletes whom he feels have a chance of some success next summer. Coe, Cram, McKean and Whitbread are among the dozen or so familiar names he feels have a chance of coming in the first six, although just one or two will win. It won't be like 1984, when the East Germans and Russians were absent. It will be more competitive. Next year could be a crunch time for the Olympics. The games will have to be good because there is now a viable alternative in the World Championships. As Bedford says: "The IOC must get its act together this time, or it could be the end of the Olympics."

Yachting/Keith Wheatley

Why has Peter de Savary picked Falmouth for his America's Cup bid?



Out of the blue

HOPE AND prosperity often travel hand in hand. But it has been a considerable number of years since they visited Falmouth.

Businessman Peter de Savary's decision to base his Blue Arrow challenge for the next America's Cup in the Cornish harbour town could change that gloomy analysis.

At first glance the choice seems an eccentric one. High level British yachting still has its traditional home on the Solent, one hour from London and with superlative boatyard skills ready to hand. However, on the downside, costs are astronomical and the world-renowned Hamble grapevine would make tight security virtually impossible to achieve.

With a £10m budget from the Blue Arrow group of companies, de Savary had plenty of options on where to go. But he already knew Falmouth's virtues because he has a holiday home at St Mawes, on the other side of the vast natural harbour. De Savary often sails his schooner Vagrant, designed at the turn of the century by Nathaniel Herreshoff and fresh from a two-year restoration programme, in the area.

"These are marvellous sailing waters and the temperate climate gives us a significantly longer season," he told a civic reception to launch Blue Arrow upon Falmouth. "This and the whole seafaring tradition of the people that live here are what you need to build the right boat and train the best crew to bring the wretched America's Cup back to this country.

"As we start out today our budget represents more money than Dennis Conner had for his entire campaign in Australia. We won't be able to say that we didn't have the money or the resources to win."

Scarcely eight months after the finish gun signalled Conner's remarkable Fremantle comeback, de Savary has assembled a formidable team. Chris Law, helmsman of White Crusader in the last Cup, is running the sailing programme, while Derek Clark - who went to war with de Savary aboard Victory '83 in the last Newport campaign - co-ordinates a design programme that already has offices in Southampton and the best names in British yacht racing.

Ron Holland advises a group comprising Ed Dubois, Tony Castro, Rob Humphreys and Jo Richards. "Design work is already on track," said Clark, adding that because the New York court has still not ruled on whether to allow a New Zealand challenge in 130 ft boats, Blue Arrow is running two parallel programmes: super-maxi and 12-metre. "We've already got consultants working in San Diego gathering weather data and feeding it back to us."

In Falmouth the group is building a 12-metre complex within the Docks, owned for the past week by de Savary. The old No.1 Basin will be partly roofed over and house a covered twin boat-hoist, sail loft and a building shed for the construction of up to four new Twelves prior to 1991.

Although there is no direct connection between the Docks and the Blue Arrow syndicate - apart from de Savary - the team certainly expects to benefit from having virtually limitless engineering capabilities "in-house". And the energy from the America's Cup is spilling over into the workforce, demoralised by repeated redundancies in the past 20 years.

"We've had three bosses in 10 years here, so I speak as I find," announced one 60-ish docker with 20 years' service. "This Mr de Savary is a goer. These yachts that they're building will bring the boating people into the town. There's going to be a new marina. We're more used to things closing than opening in Falmouth, I can tell 'ee."

In the shallow bay between the docks and the town proper, de Savary is applying for planning permission to build 200 houses and apartments surrounding a harbour basin big enough to hold 90 yachts.

Local estate agents are in no doubt that the America's Cup, with all its associated glamour, media exposure and high expenditure, is going to be very good news for a town that normally only makes the front pages when a round-the-world yachtsman limps home. "We're certainly seeing an influx of boating interest and inquiries from those people," said Nigel Stubbs, manager at the Falmouth branch of west country estate agents Fox & Co.

"People in London and the Home Counties seem to be selling up for big prices before buying something more modest in town plus a cottage down here and a boat." At just under 300 miles from London, nothing is ever going to make the Falmouth estuary - despite its spectacular marine beauty - a fashionable weekend haunt.

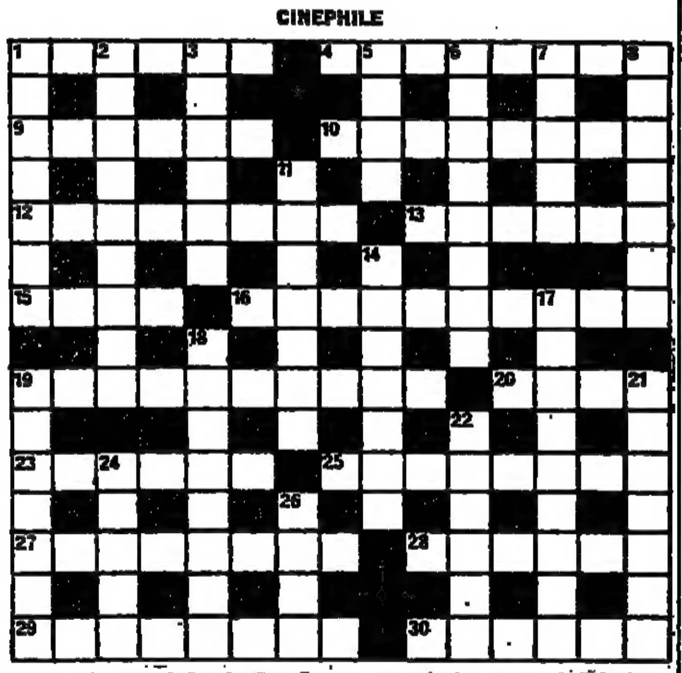
On the other hand, one has to look at what happened to Fremantle. A remote and run-down port city at the nether ends of the globe became one of the most desirable locations in the Western world as a consequence of the Auld Mug, yachting's oldest trophy. "It is now the third biggest sporting event in the world after the Olympics and World Cup soccer. Our market research told us that," said Tony Berry, chairman of Blue Arrow.

Already the contrast between the Blue Arrow challenge and previous British efforts is marked. For the latter there was never enough money, especially at the crucial early stages, and egos obstructed good management. This syndicate has adequate funding, the best personnel, and professional management.

It also seems likely that for internal reasons the American defence of the Cup will be much weaker than their six-syndicate challenge to win it back. This time, as de Savary is fond of saying, there can be no excuses. Just plonking a 12-metre syndicate down has begun to rejuvenate Falmouth according to the Mayor, Bill Smith. If they brought back the Auld Mug then Poldark could look like a sideshow.

FT CROSSWORD PUZZLE No 6,476

CINEPHILE



Prizes of £10 each for the first five correct solutions opened. Solutions, to be received by next Thursday, marked Crossword on the envelope, to The Financial Times, 10 Cannon Street, London EC4P 4BY. Solution next Saturday.

ACROSS

1 Live part of autumn to beginning of year: in fairness, it's only . . . . (6)
4 . . . superficial jump around Northern river (4,4)
9 Proverbial lunatic provides top cover (6)
10 Beast returns to wrong tree, a minor bloomer (8)
12 Wedding-day, do you hear, at sea ? (8)
13 Persons of highest caste not in to composer (6)
15 See 24 down
16, 19, 20 Crew round me on islands with tree and a few deer: don't judge by appearances (8,2,2,8,4)
23 Frustrate the spirit ? (6)
25 Whose son wanted winter footwear ? (4-4)
27, 28 Toast after race is "the service" (8, 6)
29 Ages, it seems, to put some fetishes in a tree (8)
30 Keep the music going and get out on the cricket field (4, 2)

DOWN

1 Bleats about meat in islands (7)
2 Sequel to floor covering father's upset about (9)
3 Agreement, one time in three (6)
5 Baker left among relatives (4)
6 Worm with bone broken: this will mean some changes (3, 5)
7 Change of heart between Mars and Venus ? (5)
8 Mercury's hat is a dear one, as with you and me (7)
11 Compiler's old hat — one can't make any progress (7)
14 Determined to refuse a mother insect (7)
17 Holy place revealed in relation to period (9)
18 Not a home to call at end of fight ? (5-3)
19 Learns a way with weapons (7)
21 Boy making some progress with bird (7)
22 A Western twerp in a car ? (6)
24, 26, 15 across May 4th—saw nothing—hence safe (3,2,5,3)

Solution to puzzle No 6,475

	H	A	I	R	D	R	E	S	S	I	N	G		
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I	N	G	R	A	T	E		L	I	B	R	A	T	E
S		L		D		D		I		U		N		I
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S		E		H		E		S		N		N		T
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Solution and winners of puzzle No 6,479

C	O	U	N	T	E	R	F	O	I	L		R	E	P
R		N		E		E		P		U		O		E
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P		O		E		R		A		N		I		S
E	A	T		R	A	T	T	L	E	S	N	A	K	E

Mrs V. Bagley, Godalming, Surrey; Mrs M. Osborne, Wigtoft, Boston, Lincs; Mrs C.J. Kramer, East Horsley, Surrey; Mr R.I. Willans, Old Hunstanton, Norfolk; Mr R.E. Lewis-Williams, London N6.

TELEVISION AND RADIO

SATURDAY

†Indicates programme in black and white

BBC1

8:20 am Roobarb. 8:25 Saturday Starts Here. 8:40 Chuckdevision. 9:00 The Muppet Babies. 9:30 Going Live! 12:12 pm Weather. 12:15 Grandstand including 12:20 Boxing; 1:00 News Summary; 1:05 Football; 1:25 Racing from Chepstow; 1:40 Trampolining (The Hermesetas World Cup); 2:00 Racing from Chepstow; 2:10 Trampolining; 2:30 Racing from Chepstow; 2:40 Trampolining; 3:00 Bowls (The CIS Insurance UK Indoors Single Championship); 3:50 Half-time Scores; 3:55 Motor Racing (Formula Ford Festival from Brands Hatch); 4:40 Final Score. 5:05 News. 5:15 Regional programmes. 5:20 Rolf Harris Cartoon Time. 5:45 Telly Addicts. 6:15 My Family and Other Animals.

6:45 Bob's Full House. 7:20 'Allo 'Allo. 7:50 Casualty. 8:40 Just Good Friends. 9:10 News and Sport. 9:25 Royal British Legion Festival of Remembrance. 10:55 Monty Python's Flying Circus. 11:25 CIS Insurance Singles Bowls Championship. 11:50 Film: "The Awakening" starring Charlton Heston and Susannah York.

BBC2

11:25 am Open University. 1:30 Network East. 2:10 The Gentleman Factory. †2:50 Film: "Seance on a Wet Afternoon starring Richard Attenborough and Kim Stanley. 4:40 First semi-final of the CIS Insurance UK Indoor Bowls Singles Championship. 5:10 International Bridge Club. 5:40 Espana Viva. 6:05 The Week in the Lords. 6:45 Newsview. 7:25 Bowls (Second semi-final of the CIS Insurance Championship). 7:55 Shostakovich: A Career. 9:10 Fortunes of War. 10:10 The Film Club. 10:13 Film: "Baby It's You". 11:55 Film: "Enormous Changes at the Last Minute".

LONDON

6:00 am TV-am Breakfast Programme. 9:25 No 73. 11:00 The Roxy. 11:30 Frocks On The Box. 12:00 The Fall Guy. 1:00 pm News. 1:05 Saint & Greavsie. 1:35 Wrestling. 2:15 Comedy Classic: The Cuckoo Waltz. 2:45 "The Grizzly and The Treasure" starring Dan Haggerty. 4:45 Results Service. 5:05 News.

5:05 Walt Disney Presents. 5:15 Blockbusters. 5:45 3-2-1. 6:45 Copy Cats. 7:15 Blind Date. 8:00 Home To Roost. 8:30 1914 All Out. 10:10 News and Sport. 10:20 The Big Match followed by LWT News Headlines. 11:05 Murder, Mystery, Suspense. 12:25 am Sledgehammer. 1:00-4:00 Night Network.

CHANNEL 4

9:30 am Coping. 10:00 4 What It's Worth. 10:30 Scotland's Story. 11:00 Old Country. 11:30 Dancin' Days. 12:00 Six Group British Speed Chess Championships. 12:30 pm World of Animation. 12:50 Channel 4 Racing from Doncaster. †2:50 "Summer Storm" starring George Sanders and Linda Darnell. 4:45 Exit. 5:05 Brookside Omnibus. 6:00 Right To Reply. 6:30 To the End of the Rhine. 7:00 News Summary followed by Seven Days. 7:30 Bandung File. 8:30 Gnostics. 9:30 A Fine Romance. 10:00 St Elsewhere. 11:00 Saturday Almost Live. 12:00 "The Terminal Man" starring George Segal. †1:55 am The Mysteries of Edgar Wallace.

S4C WALES

9:30 am Coping. 10:00 What The Papers Say. 10:15 Years Ahead. 11:00 Movie On Four. 11:30 Second Glance. †11:45 Sea War. 12:15 pm Scotland's Story. 12:50 Racing From Doncaster. 2:50 Gwyl Gerdd Dant Cymru. 3:10 Rygbi (Cymru v Unol Daleithiau America). 4:00 Gwyl Gerdd Dant Cymru. 5:00 Peacock's War. 6:00 Right To Reply. 6:30 A Houseful of Plants. 7:00 To the End of the Rhine. 7:30 Newyddion. 7:50 Gwyl Gerdd Dant Cymru. 9:20 Y Maes Chwarae. 10:10 Gwyl Gerdd Dant Cymru.

IBA Regions as London except at the following times:

ANGLIA

11:30 am Randall & Hopkirk (Deceased). 12:30 pm A.L.F. 6:05 Anglia News. 10:20 Film: "Woman of Straw" starring Gina Lollobrigida and Sean Connery.

BORDER

11:30 am Groovy Ghoulies. 12:00 UFO. 4:25 pm Cartoon. 10:20 Easy Street. 10:50 Heart Of The City. 11:50 Starring The Actors: Kirk Douglas.

Carmen Silvera and Gordon Kaye in 'Allo 'Allo, BBC1

CENTRAL

11:00 am Family Feature Film: "Escape From the Planet of the Apes" starring Roddy McDowall. 12:45 pm Cartoon Time. 4:25 Cartoon Time. 10:20 Prisoner Cell Block H. 11:15 "Who Dares Wins" starring Lewis Collins, Richard Widmark and Edward Woodward. 1:35 am Five Star "Live". 2:35 "The Last Remake of Beau Geste" starring Ann-Margret, Marty Feldman, Michael York and Peter Ustinov. 4:10 Central News followed by Central Jobfinder.

CHANNEL

11:30 am Streethawk. 12:30 pm Survival Of The Fittest. 12:59 Today's Weather. 12:40 Fun In The Sun.

GRAMPIAN

11:30 am Pick A Number. 12:00 Highway To Heaven. 12:55 pm Home Cookery Club. 10:20 Hunter. 11:15 NBD Music Special - "Five Star - The Luxury Life". 12:15 am Reflections.

GRANADA

11:30 am Saturday Matinee: "Desert Mice". 2:15 pm Easy Street. 4:25 Bugs Bunny. 11:10 Star Movie: Bette Midler "The Rose" (Also starring Alan Bates). 1:30 am Police Woman. 2:25 America's Top Ten.

HTV

11:30 am Easy Street. 12:00 A.L.F. 12:30 pm America's Top Ten. 4:25 Cartoon Time. †10:30 "The Hill" starring Sean Connery, Harry Andrews, Ian Bannen and Alfred Lynch. HTV WALES: SAME AS HTV WEST EXCEPT: 10:20 International Rugby. 11:05-12:45 am "Lady Ice" starring Donald Sutherland and Jennifer O'Neill.

SCOTTISH

11:30 am America's Top Ten. 12:00 Highway To Heaven. 4:25 pm Cartoon. 10:20 Late Call. 10:25 Film: "The Things of Life" starring Michel Piccoli and Romy Schneider.

TSW

11:30 am The Greatest American Hero. 12:25 pm Gus Honeybun's Magic Birthdays. 12:30 The South West Week. 4:25 Cartoon. 5:05 Newsport. 10:20 Feature Film: "Fun With Dick and Jane" starring George Segal and Jane Fonda. 12:05 am Postscript.

TVS

11:30 am Streethawk. 12:30 pm Survival Of The Fittest. 12:57 TVS Weather. 4:25 The Classic Cartoon. 10:20 "Body Heat" starring William Hurt, Kathleen Turner and Richard Crenna.

TYNE TEES

11:30 am "Not Wanted on Voyage" starring Ronald Shiner and Brian Rix. 4:25 Cartoon Time. 10:20 "The Romantic Englishwoman" starring Glenda Jackson and Michael Caine. 12:50 am Poetry Of The People.

ULSTER

11:30 am Feature Film: "Hopelessly Lost" (Russian version of the Adventures of Huckleberry Finn). 1:03 pm Ulster Newstime. 4:25 Cartoon Time. 4:55 Sports Results. 5:03 Ulster Newstime. 10:17 Ulster Newstime. 10:20 Magnum. 11:15 Mountbatten - The Last Viceroy. 12:10 am Ulster Newstime.

YORKSHIRE

11:30 am "Hopelessly Lost" (Russian version of the Adventures of Huckleberry Finn). 4:25 Cartoon Time. 10:20 pm The Big Match. 11:10 The Saturday Late Film: "The Long and the Short and the Tall" starring Richard Todd, Laurence Harvey and Richard Harris. 1:05 am Meltdown. 2:05 Jobfinder.

(s)Stereo on VHF

BBC RADIO 2

6:05 am David Jacobs. 9:00 Sounds Of The 60s with Geoff Turton. 10:00 Michael Aspel. 12:00 Album Time with Peter Clayton. 1:00 pm The News Huddlines. 1:30 Sport On 2 including Football; Racing from Doncaster; Rugby Union (Wales v United States); Cricket (Preview of the final of the World Cup); plus the rest of the day's sporting news; 6:00 Sports Report. 6:30 Brain Of Sport 1987. 6:30 The Seven Ages. 7:00 The Press Gang. 7:30 String Sound. 8:00 The Royal British Legion Festival of Remembrance. 9:30 The Musical World of John Williams. 10:05 Martin Kelner. 12:05 am Night Owls with Dave Gelly. 1:00 Bill Rennells presents 'Nightride'. 3:00-4:00 A Little Night Music.

BBC RADIO 3

7:00 am News. 7:05 Morning Concert. 9:00 News. 9:05 Record Review. 10:15 Stereo Release. 11:15 BBC Scottish Symphony Orchestra in Poland. 1:00 pm News. 1:05 Early Music Network. 2:00 Czech Piano Music. 3:00 Amadeus String Quartet. 5:00 Jazz Record Requests. 5:45 Critics' Forum. 6:35 Musica Antiqua, Cologne. 7:40 A Letter to Edmund Burke. 8:00 Mozart from Salzburg. 9:20 Brahms: Three motets Op 110 performed by the BBC Singers. 9:30 Grandfather Was a Soldier. A poetry sequence for Remembrance by the Canadian writer Marilyn Bowering, with music by David Dorward. 10:20 The Music of Alexander Goehr: Fugue on the notes of Psalm 4, and the Symphony with Chaconne. 11:30 John Field: Recital by Christopher Kite (square piano). 11:57-12:00 News.

BBC RADIO 4

7:00 am Today. 9:00 News. 9:05 Sport On 4. 9:30 Breakaway. 10:00 News; Loose Ends. 11:00 News; The Week in Westminster. 11:30 From Our Own Correspondent. 12:00 Money Box. 12:25 pm The News Quiz (s). 12:55 Weather. 1:00 News. 1:10 Any Questions? 1:55 Shipping Forecast. 2:00 News; Second Edition. 3:00 News; Play: The Flawed Man (s). 4:30 Science Now. 5:00 Conversation Piece. 5:25 Week Ending. 5:50 Shipping Forecast. 5:55 Weather. 6:00 News, including Sports Round-Up.

6:25 Citizens (s). 7:10 Stop The Week with Robert Robinson (s). 7:45 Saturday-Night Theatre "Love on the Dole" by Ronald Gow (s). 9:15 Music In Mind. 9:50 Ten To Ten (s). 9:59 Weather. 10:00 News. 10:15 The Saturday Feature: "The Tsar's Friends". 10:45 I've Been Together Now For 70 Years. 11:00 Up the Garden Path (s). 11:30 The Million-Pound Radio Show (s). 12:00-12:15 am News.

SUNDAY

†Indicates programme in black and white

BBC1

8:55 am Play School. 9:15 Bazaar. 9:40 Telejournal. 10:05 Espana Viva. 10:20 Remembrance Sunday: The annual memorial service from the Cenotaph in Whitehall. 11:55 This is the Day. 12:10 pm See Hear. 12:35 Farming. 12:58 Weather for farmers. 1:00 This Week, Next Week. 2:00 Eastenders. †3:00 Film: "The Naked Truth" starring Peter Sellers, Terry-Thomas and Peggy Mount. 4:30 Bugs Bunny. 4:55 Open Space. 5:40 Vanity Fair.

6:10 Working The System. 6:20 News. 6:35 Songs Of Praise. 7:15 Ever Decreasing Circles. 7:45 Howards' Way. 8:35 Bread. 9:05 Fortunes Of War. 10:05 News. 10:20 Everyman. 11:00 Welcome To My World. 11:30 World Cup Cricket (Highlights of the final from Calcutta). 12:15 am Network East.

BBC2

3:25 am World Cup Cricket (Live coverage of the final in Calcutta). 11:30 Now On Two. 11:35 Dastardly and Muttley. 11:40 Now It's You. 11:45 Blue Peter Omnibus. 12:35 pm The Fire-Raiser. 1:00 pm No Limits. 2:00 Rugby Special. 2:40 Bowls (Final of the CIS UK Indoor Singles Championship. 3:55 Music in Camera. 4:35 Review. 5:15 Bowls (Further coverage). 6:30 The Money Programme. 7:15 The Travel Show Guide. 7:50 Remembrance Sunday. 8:05 Bowls (Further coverage). 9:05 Shostakovich: "Lady Macbeth of Mtsensk". 12:05-1:00 am Bowls: Final five sets of The CIS Insurance UK Indoor Singles Championship.

LONDON

6:00 am TV-am Breakfast Programme. 9:25 Wake Up London. 9:35 Sunday At No 73. 10:00 No 73. 10:30 Remembrance Day Service from Wellington Church, Glasgow. 11:30 For the Love of God. 12:00 Weekend World. 1:00 pm LWT News Headlines followed by Police 5. 1:15 Link. 1:30 The Smurfs. 2:00 The Human Factor. 2:30 Walt Disney's "Escape From the Dark" starring Alastair Sim, Peter Barkworth and Geraldine McEwan. 4:30 Knights Of God. 5:00 The Prince and Princess of Wales in Germany.

5:30 Sunday Sunday. 6:30 News. 6:40 Highway. 7:15 Bruce Forsyth's Play Your Cards Right. 7:45 Live From The Palladium. 8:45 News. 9:00 The Charmer. 10:00 Spitting Image. 10:30 The South Bank Show. 11:30 LWT News Headlines followed by American Documentary. 12:30 am Mary. 1:00-3:00 Night Network.

CHANNEL 4

9:25 am Movie Mahal. 10:00 The World This Week. 11:00 Pob's Programme. 11:30 Worzel Gummidge Down Under. 12:00 The Waltons. 1:00 pm Treasure Hunt. 2:00 Empress WU. †2:30 "Bicycle Thieves". 4:15 Aids: A Priest's Testament. 5:15 News Summary followed by The Business Programme. 6:00 American Football. 7:15 What on Earth is Going On? 8:15 An Idea of Europe. 8:45 Wings of the Storm. †10:45 "Joe MacBeth" starring Paul Douglas.

S4C WALES

9:00 am Hatoc. 10:00 The World This Week. 11:00 7 Days. 11:30 Worzel Gummidge Down Under. 12:00 The Waltons. 1:00 pm Anwyddion Ffyrdd. 1:30 Off The Page. †2:00 Feature Film: "The Talk of the Town". 4:15 Equinox (s). 5:15 The Business Programme. 6:00 American Football. 7:15 Sam Ten. 7:25 Newyddion. 7:30 Rhaglen Hywel Gwynfryn. 8:10 Pobol Y Cwm. 8:40 Dechrau Canu, Dechrau Canmol. 9:10 Hel Straeon. 9:40 'Sglyfaeth. 11:25 St Elsewhere.

IBA Regions as London except at the following times:

ANGLIA

9:25 am Sunday At No. 73 including Speedy and Daffy. 1:00 pm Link. 1:15 Bioscope Bygones. 1:20 Anglia News. 1:25 Weather Trends. 1:30 Farming Diary. 5:30 Whose Baby? 6:00 Bullseye. 6:35 Anglia News.

BORDER

9:25 am Sunday At No 73 including Speedy and Daffy. 1:00 pm Farming Outlook. 1:30 Border News. 1:35 Cartoon Time. 1:45 Link. 5:00 The Prince and Princess of Wales in Germany. 5:30 Survival. 6:00 Bullseye. 11:30 James Galway Invites.

CENTRAL

9:25 am Speedy and Daffy. 1:00 pm Central News. 1:05 Central Post. 1:15 Link. 5:00 Highway To Heaven. 6:00 Bullseye. 6:35 Central News. 11:30 Prisoner Cell Block H. 12:25 am Donahue. †1:25 Thriller Classic: "Emergency Call" starring Jack Warner and Anthony Steel. 3:10 Central News followed by Central Jobfinder.

CHANNEL

9:25 am Today's Weather. 9:28 Starting Point: Sunday at No 73. 1:00 pm Link. 1:15 Les Francais Chez-Vous. 1:30 Farm Focus. 4:30 The Prince and Princess of Wales in Germany. 5:00 Knights Of God.

GRAMPIAN

9:25 am Cartoon. 1:00 pm Farming Outlook. 1:30 Spacewatch. 1:45 Link. 2:00 Hart To Hart. 3:30 The Prince and Princess of Wales in West Germany. 4:00 Bullseye. 5:00 Scotsport. 11:30 James Galway Invites... 12:00 Reflections.

GRANADA

9:25 am Speedy and Daffy. 1:00 pm Members Only. 1:05 This Is Your Right. 1:35 Aap Kaa Hak. 1:40 Link. 5:30 Bullseye. 6:00 Down To Earth. 11:30 The Silk Road.

HTV

9:25 am Sunday At No 73 including Speedy and Daffy. 1:00 pm Farming Wales followed by Weather for farmers. 1:30 Cartoon Time. 1:45 Link. 5:00 Highway To Heaven. 6:00 Bullseye. 6:35 HTV News. 11:30 The Prince and Princess of Wales in Germany. 12:00 America's Top Ten. HTV WALES: SAME AS HTV WEST EXCEPT: 2:30 pm Play It Safe. 3:00 International Rugby (Argentina v Australia). 4:00-4:30 Mary.

SCOTTISH

9:25 am Sunday at No. 73. 1:00 pm Canadian Documentary. 1:15 Link. 1:30 Bullseye. 2:00 The Gods Of War. 5:00 Scotsport. 11:30 The Prince and Princess of Wales in Germany. 12:00 Late Call.

TSW

9:25 am Sunday At No 73 followed by Speedy and Daffy. 1:00 pm Postscript Diary. 1:10 Farming News. 1:45 Link followed by South West Link. 4:30 Gardens For All. 5:00 Knights of God. 5:30 The Prince and Princess of Wales in West Germany. 6:00 Bullseye. 6:35 TSW News. 6:40 Highway. 11:30 T J Hooker. 12:25 am Postscript.

TVS

9:25 am No 73 followed by Speedy and Daffy. 1:00 pm Link. 1:15 Action! 1:27 TVS Weather. 1:30 Farm Focus. 4:30 The Prince and Princess of Wales in West Germany. 5:00 Knights of God.

TYNE TEES

9:25 am Hello Sunday. 1:00 pm Farming Outlook. 1:30 The Smurfs. 1:45 Link. 5:30 Northern Life Sunday Edition. 4:15 Cartoon Time. 4:30 Knights of God. 5:00 Who's The Boss? 5:30 Northern Life Sunday Edition. 6:00 Bullseye. 11:30 At The Works. 12:00 Epilogue.

ULSTER

9:25 am Sunday At No 73 and Speedy and Daffy. 12:58 pm Ulster Newstime. 1:00 Ask Anne? 1:15 Link. 1:30 Farming Ulster. 1:55 Farming Weather. 5:00 Finding Fax Future. 6:00 Bullseye. 6:35 Ulster Newstime. 8:57 Ulster Newstime. 11:30 The Prince and Princess of Wales in Germany. 12:00 Sports Results. 12:05 am Ulster Newstime.

YORKSHIRE

9:25 am Cartoon Time: Speedy and Daffy. 1:00 pm Cartoon Time. 1:10 Link. 1:25 Farming Diary. 5:30 Small Wonder. 6:00 Bullseye. 11:30 More of The Winning Hand. 12:25 am Five Minutes. 12:30 Jobfinder.

(s)Stereo on VHF

BBC RADIO 2

7:30 am Roger Royle says 'Good Morning Sunday'. 9:05 Melodies For You. 11:05 Desmond Carrington with your Radio 2 All-Time Greats. 2:00 pm Benny Green. 3:00 Alan Dell with Sounds Easy. 4:00 Brooks Aehron's Serenade. 4:30 Sing Something Simple. 5:00 Charlie Chester with your Sunday Soapbox. 7:00 The Random Jottings of Hinge and Bracket. 7:30 Ian Wallace Presents... 8:30 Sunday Half-Hour. 9:00 Your Hundred Best Tunes. 10:05 Songs From The Shows with the BBC Radio Orchestra. 10:45 Jonathan Cohen at the piano. 11:00 Sounds of Jazz with Tony Russell. 1:00 am Bill Rennells presents 'Nightride'. 3:00-4:00 A Little Night Music.

BBC RADIO 3

7:00 am News. 7:05 Netherlands Wind Ensemble. 8:00 World Service News. 8:10 Schumann Songs and Symphonies. 9:00 News. 9:05 Your Concert Choice. 10:15 Music Weekly. 10:59 From The Cenotaph: Big Ben; The Two-Minute Silence; The Last Post. 11:03 John Williams (guitar). 12:05 pm Words. 12:10 English Chamber Orchestra Wind Ensemble at the Greenwich Festival. 1:30 Mozart and Faure (violin sonatas played by Peter Manning and Julian Jacobson). 2:20 Vienna Philharmonic Orchestra (Brahms' 4th Symphony). 3:05 They Went with Songs to Battle (song recital). 3:45 Wilfred Owen (poems read by Richard Johnson). 3:55 Recital, part 2. 4:35 Bruckner: Symphony No 9 played by the BBC Philharmonic Orchestra. 5:45 Flute and piano (sonatas by Gyrowetz and Eben played by Judith Pitton and Geoffrey Pratley. 6:15 Opening (Ruth Pitter at 90 talks about her poetry and her life). 6:45 Music For Piano. 7:30 Borodin String Quartet. 9:05 "Lady Macbeth of Mtsensk" (Shostakovich's opera in a recording of the ENO production - simultaneous broadcast with BBC2). 12:05-12:08 am News.

BBC RADIO

4 7:00 am News. 7:10 Sunday Papers. 7:15 On Your Farm. 7:40 Sunday. 8:50 The Week's Good Cause. 8:55 Weather. 9:00 News. 9:10 Sunday Papers. 9:15 Letter From America by Alistair Cooke. 9:30 The Archers. 10:25 We Remember Them: Group Captain Leonard Cheshire reflects on the meaning of Remembrance and refers to the work of the Commonwealth War Graves Commission. 10:30 Service of Remembrance from the Cenotaph (s). 11:40 The Flying White Jumbo. 12:15 pm Desert Island Discs (s). 12:55 Weather. 1:00 The World This Weekend. 1:55 Shipping Forecast. 2:00 Gardeners' Question Time. 2:30 Mr Beluncle by V.S. Pritchett (s). 3:30 The Radio Programme.

4:00 News; Origins. 4:30 Charlie. 5:00 News; Down Your Way. 5:50 Shipping Forecast. 5:55 Weather. 6:00 News. 6:15 Feedback: Christopher Dunkley follows up your comments about BBC programmes and policies. 6:30 International Assignment. 7:00 News; Soundings (s). 7:30 Castles in Spain (s). 8:00 Bookshelf. 8:30 A Word in Edgeways. 9:00 News; An Englishman's House (s). 9:15 The Natural History Programme. 9:59 Weather. 10:00 News. 10:15 The Age of Chivalry (s). 11:00 The Root of the Matter. 11:30 Seeds of Faith (s). 12:00-12:15 am News.